



Committee on Juvenile Justice Meeting

116 Knott Building
9:00 a.m.-11:00 a.m.
March 7, 2007

REVISED

Juvenile Justice Committee

Room 116, Knott Building

9:00 a.m. - 11:00 a.m.

March 7, 2007

A g e n d a

1. Call to Order

Chair Needelman

2. Welcome and Opening Remarks

Chair Needelman

3. Budget Discussion

Jim DeBeaugrine, Budget Chief, Safety and Security Council

a. STAR Program

Rick Davison, Deputy Secretary, Department of Juvenile Justice

b. Detention Center Cost Sharing

Donna O'Neal, Chief of Staff, Department of Juvenile Justice

Mark Greenwald, Research & Data, Department of Juvenile Justice

c. Juvenile Delinquency Prevention Program Funding

(1) Grants and Partnerships

Cassandra Jenkins, Asst. Secretary, Prevention, Department of Juvenile Justice

(2) CINS/FINS Funding

Cassandra Jenkins, Asst. Secretary, Prevention, Department of Juvenile Justice

Dee Richter, Executive Director, Florida Network of Youth and Family Services

d. Office of Accountability/Quality Assurance

Eleese Davis, Director, Office of Accountability, Department of Juvenile Justice

John Criswell, Chief Quality Assurance, Department of Juvenile Justice

Mark Greenwald, Research & Data, Department of Juvenile Justice

e. Juvenile Probation Officers

4. Discussion of Auditor General Report No. 2006-030.

Dorothy R. Gilbert, Audit Manager, Office of the Auditor General

Beth Davis, Bureau Chief of Finance & Accounting, Department of Juvenile Justice

5. Closing Remarks

Chair Needelman

6. Adjournment

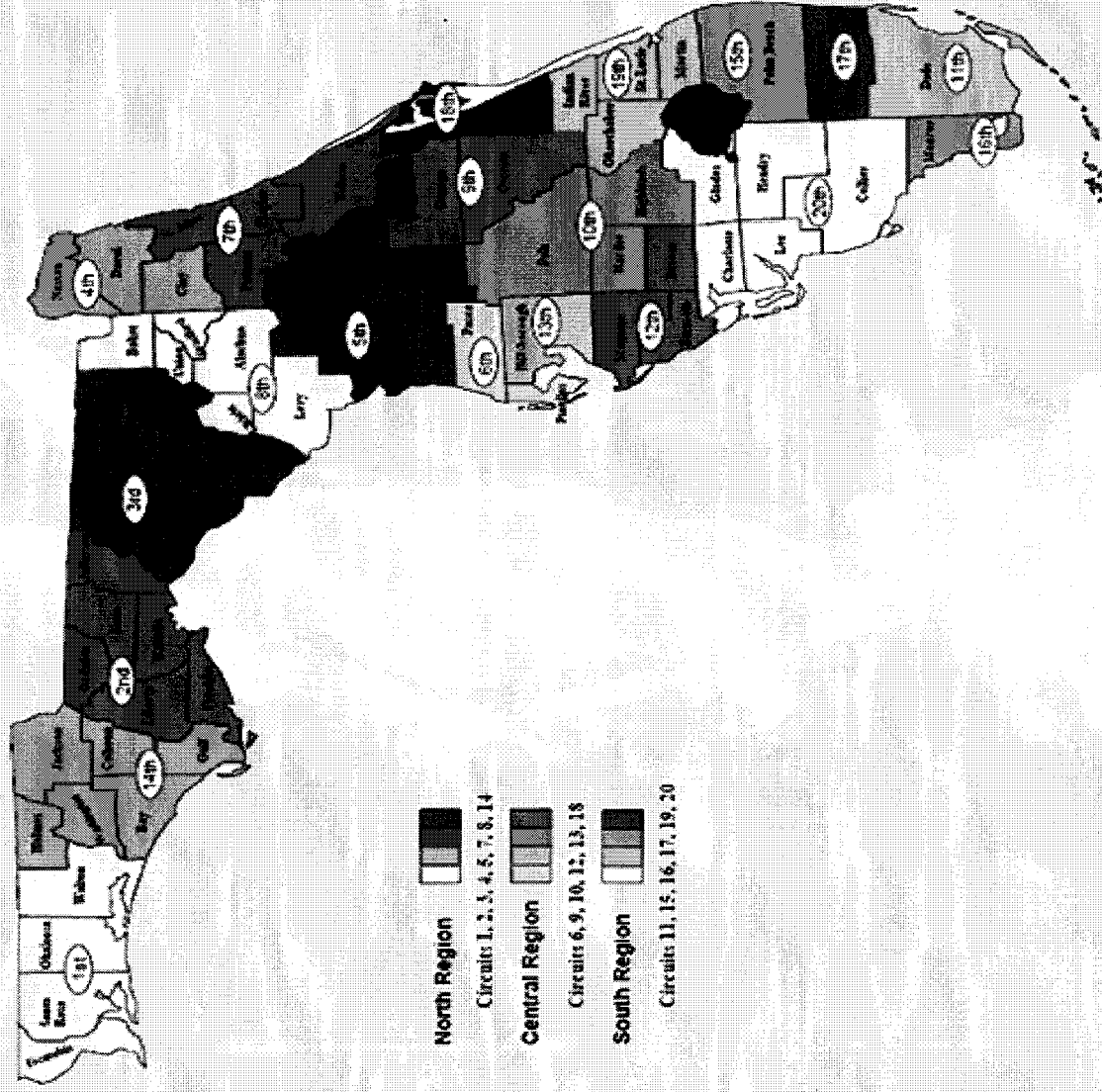
BUDGET

**OVERVIEW OF
DEPARTMENT OF
JUVENILE JUSTICE
APPROPRIATIONS
FY 2006-2007**

**Presented to the
Committee on Juvenile Justice**

March 7, 2007

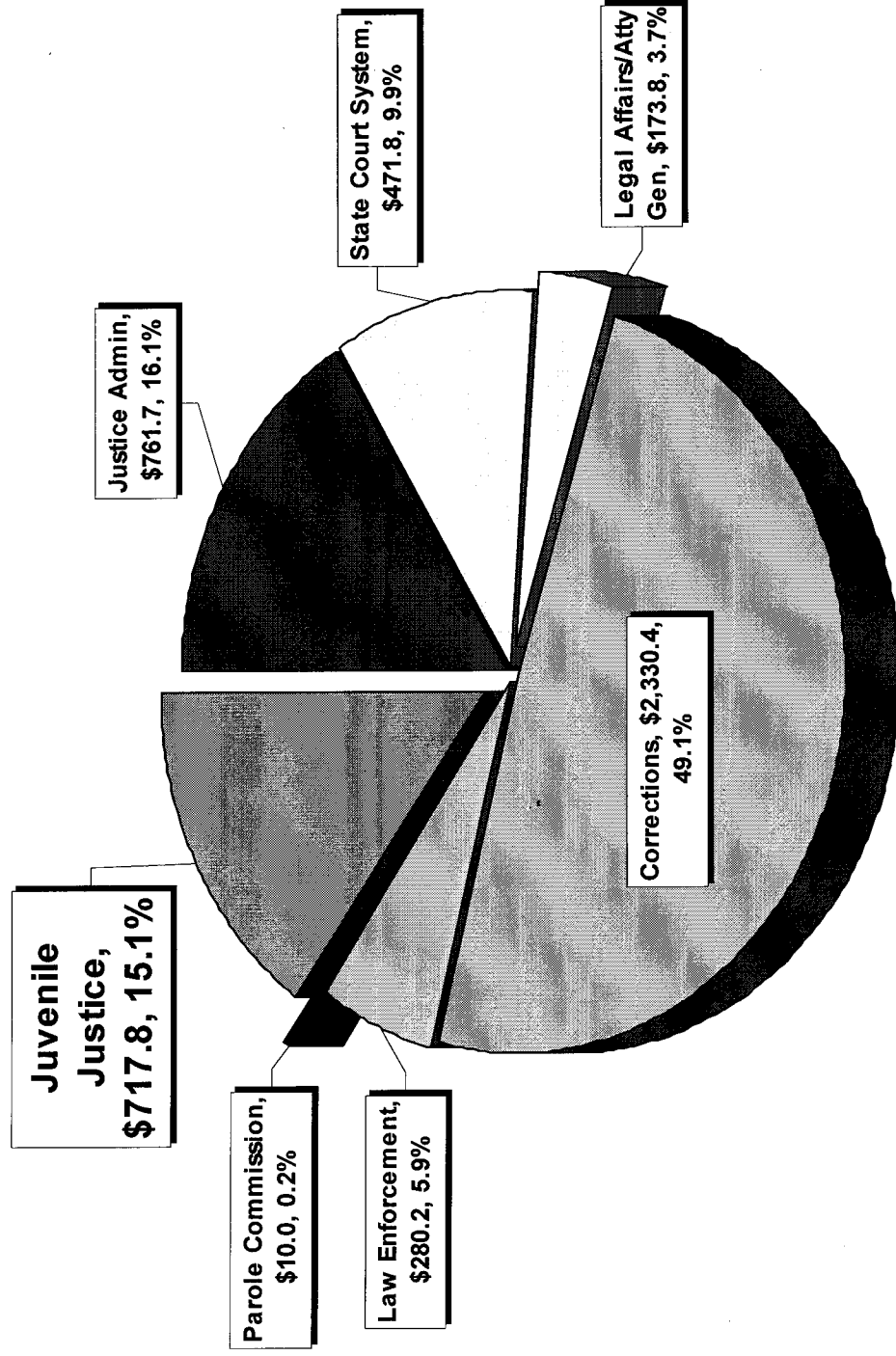
DEPARTMENT OF JUVENILE JUSTICE REGIONS & CIRCUITS



Safety and Security Appropriations

Total FY 2006-07 Appropriations \$4.7 Billion

(Dollars Displayed in Millions)



Juvenile Justice

2006-07 Appropriations By Program Area

| | FTE | GENERAL REVENUE | TRUST FUNDS | TOTAL |
|---------------------------------------|----------|--------------------|---------------|---------------|
| DETENTION | 2,098.50 | \$33,208,375 | \$103,864,296 | \$137,072,671 |
| PROBATION/COMMUNITY CORRECTIONS | 1,554.50 | \$142,783,106 | \$12,017,253 | \$154,800,359 |
| SECRETARY/ ADMINISTRATIVE SERVICES | 293.00 | \$24,172,525 | \$4,525,651 | \$28,698,17 |
| RESIDENTIAL CORRECTIONS | 1,042.00 | \$287,414,940 | \$46,746,692 | \$334,161,632 |
| PREVENTION/ VICTIM SERVICES | 17.00 | \$46,854,938 | \$16,249,991 | \$63,104,929 |
| TOTAL | 5,005.00 | \$534,433,884 | \$183,403,883 | \$717,837,767 |

Trust Fund Sources

- Federal grants, County detention payments, background screening fees, U.S. Dept of Health, non-criminal traffic fines, license tag fees.

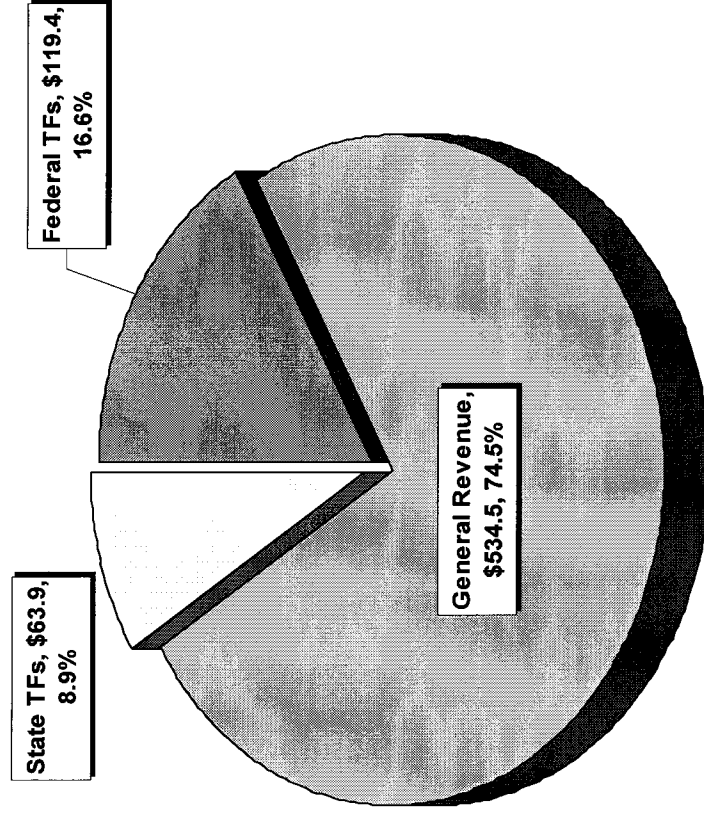
Workload Statistics

- 150,687 intake referrals
- 1,959 average daily population in detention (2,042 beds)
- 5,918 average daily population in residential commitment (6,762 beds)
- 24,270 average daily population of youth on community supervision

Revenue Sources

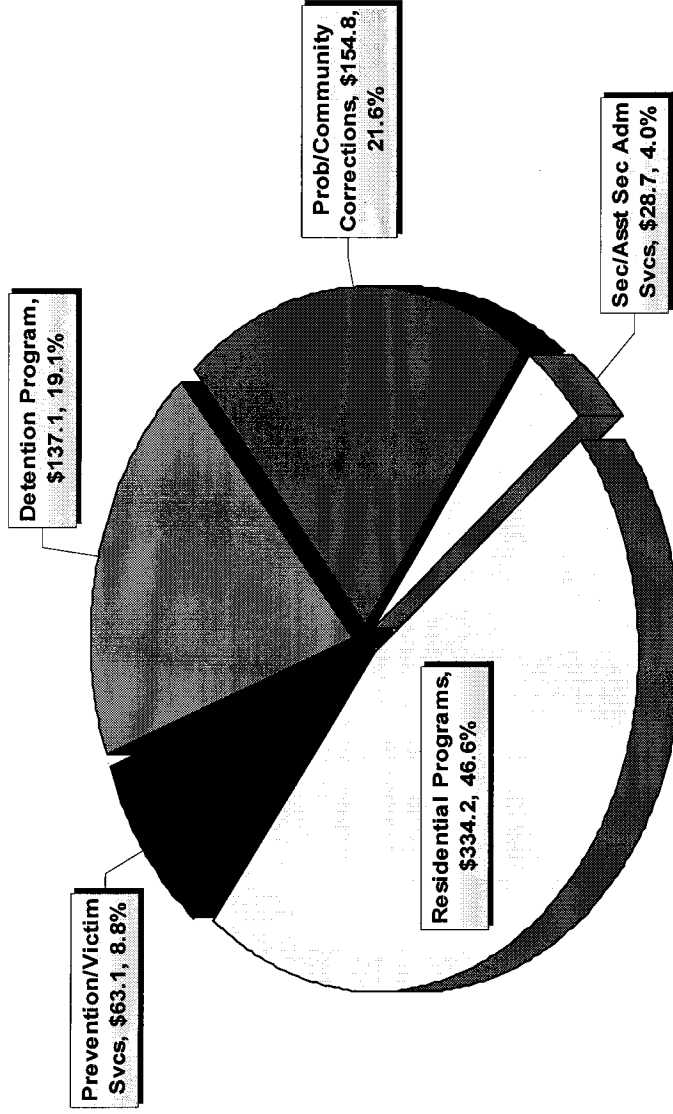
Total FY 2006-07 Appropriations \$717.8 Million

(Pie Dollars Displayed in Millions)



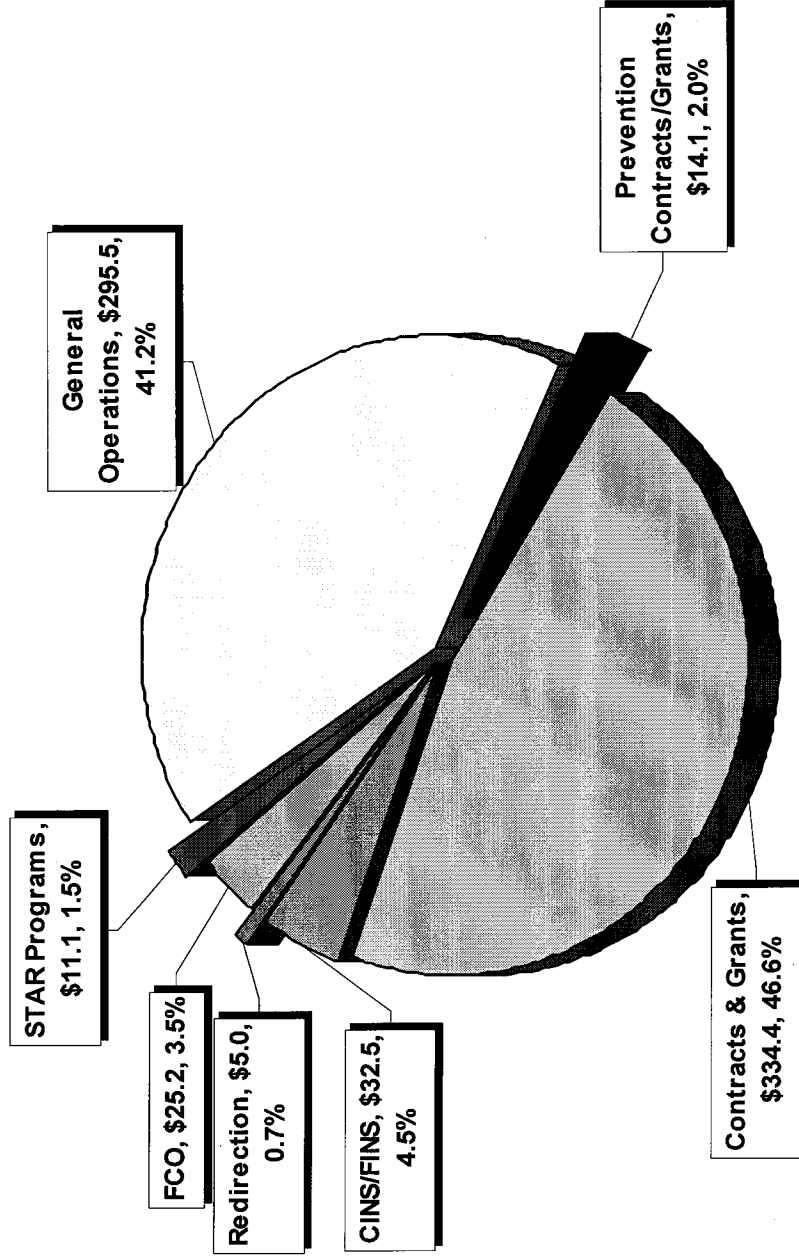
Appropriations By Program Area

(Pie Dollars Displayed in Millions)

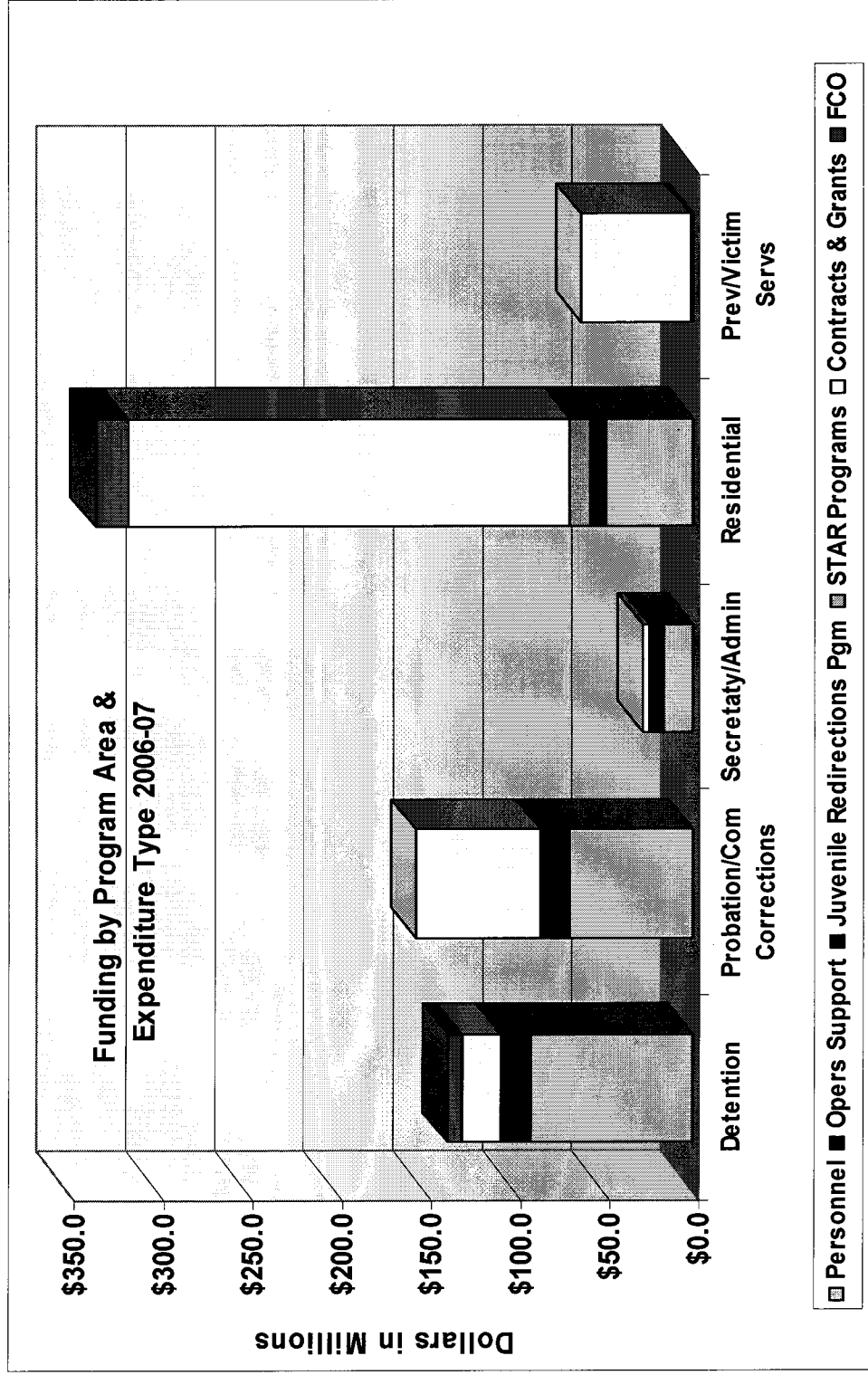


Appropriations by Expenditure Type

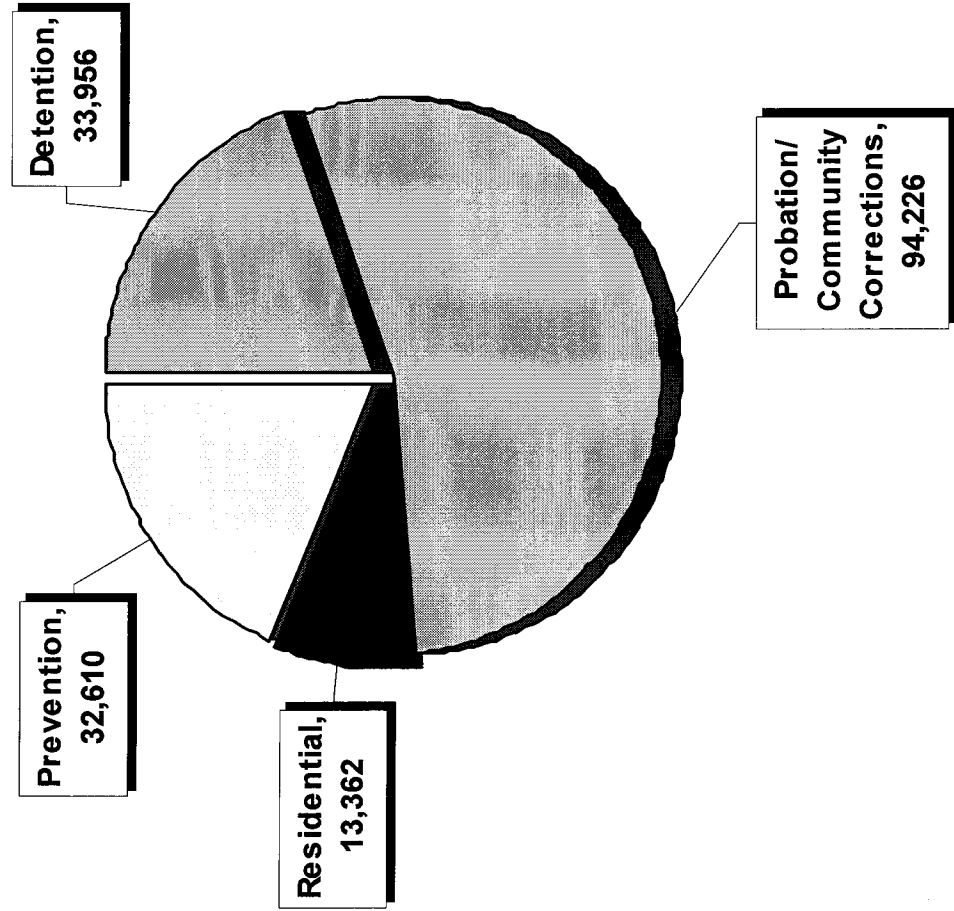
(Dollars displayed in Millions)



Juvenile Justice



Youth Served FY 2005-06



Delinquency Prevention & Diversion Programs

| 2006-07 Appropriations By Program Area | GENERAL REVENUE | TRUST FUNDS | TOTAL |
|---|--------------------|--------------|--------------|
| CINS/FINS* | \$31,079,336 | \$1,383,858 | \$32,463,194 |
| DELINQUENCY PREVENTION GRANTS & PARTNERSHIPS | \$1,198,000 | \$12,941,053 | \$14,139,053 |
| PACE CENTERS (FEMALE DIVERSION) | \$11,272,579 | | \$11,272,579 |
| SPECIAL INITIATIVES | \$2,198,000 | \$802,000 | \$3,000,000 |
| ADMINISTRATION | \$1,107,023 | \$1,123,080 | \$3,032,103 |
| TOTAL | \$46,854,938 | \$16,249,991 | \$63,104,929 |

*Children in Need of Services/Families in Need of Services

CINS/FINS

| 2006-07 Appropriations By Program | GENERAL REVENUE | TRUST FUNDS | TOTAL |
|---|--------------------|----------------|--------------|
| FLORIDA NETWORK | \$30,327,919 | \$1,000,000 | \$31,327,919 |
| FLORIDA YOUTH CHALLENGE ACADEMY (FNG) | \$254,821 | \$0 | \$254,821 |
| HURRICANE ISLAND OUTWARD BOUND | \$496,596 | \$383,858 | \$880,454 |
| TOTAL | \$31,079,336 | \$1,383,858 | \$32,463,194 |

Delinquency Prevention Grants & Partnerships

| 2006-07 Appropriations By Program Area | GENERAL REVENUE | TRUST FUNDS | TOTAL |
|---|--------------------|--------------|--------------|
| JUVENILE ACCOUNTABILITY BLOCK GRANT (JABG) | | \$1,282,167 | \$1,282,167 |
| PARTNERSHIP | | \$6,000,000 | \$6,000,000 |
| JUVENILE JUSTICE DELINQUENCY PREVENTION (JJDP) (Title II & V) | | \$4,086,132 | \$4,086,132 |
| JJDP (CHALLENGE) | \$600,000 | | \$600,000 |
| COMMUNITY COALITION | \$598,000 | | \$598,000 |
| RISK/NEEDS ASSESSMENT | | \$710,325 | \$710,325 |
| JABG AFTERSCHOOL EDUCATION INITIATIVE | | \$239,000 | \$239,000 |
| RESERVE TO BE ALLOCATED | | \$623,429 | \$623,429 |
| TOTAL | \$1,198,000 | \$12,941,053 | \$14,139,053 |

Representative Unit Costs

Department of Juvenile Justice

| | |
|---|----------|
| ➤ Annual operating cost per secure detention bed | \$53,568 |
| ➤ Annual operating cost per residential commitment bed – Max risk | \$48,530 |
| ➤ Annual operating cost per residential commitment bed – Low risk | \$34,036 |
| ➤ Annual operating cost per regular probation slot | \$7,731 |

SHERIFF'S TRAINING AND RESPECT (STAR) PROGRAM

FUNDING ISSUES

STAR programs differ from Boot Camps:

- New Administrative Rule – 63E-6.001 et seq.;
- Increase medical and mental health assessments prior to admission;
- Addition of youth rights and exit statements given to youth on ability to report abuse;
- Prohibition of “harmful psychological intimidation techniques” (humiliation or embarrassment; threat of physical force or violence; diminishing self-confidence or psychological breaking of youth’s will; any action considered abuse or neglect);
- Quarterly inspections during first year based on minimum thresholds, annual inspections thereafter;
- Adherence to the PAR rule; and,
- Specific release or transfer requirements of a physical exam, signing of an exit statement by youth indicating that their rights were observed and if they were subject to abuse.

Appropriation = \$11,057,625:

- Provides 260 residential commitment beds;
- At least 65 aftercare slots;
- \$500,000 for implementation of the provisions of the Martin Anderson Act; and,
- Providing Protective Action Response (PAR) training for all Departmental Direct Care staff.

Only one former boot camp (Polk County Boot Camp) converted to a STAR program:

- Program has 100 residential beds at \$100 per day per bed;
- Ten of these beds receive an additional \$30 per day per bed to provide substance abuse overlay services; and,
- 45 conditional release slots at \$45.77 per day per slot.

Other boot camps made decision not to convert due to:

- Felt that law enforcement training (Criminal Justice Standards Training Commission -CJSTC) was more appropriate than PAR training; and,
- Indicated per diem increase (from average \$81.25 to \$100) was not sufficient to continue their operation.

September 8, 2006 - Notice from Budget Office of transfer of \$6,239,383 from STAR (GR - 102002) to contractual services (G/A –100778) to enable the department to contract with other providers for 160 moderate risk beds.

On Sept. 19, 2006, letters were sent to all County Sheriffs inquiring of their interest in partnering with the Department to operate a STAR Program. We the Department have heard from four Sheriff’s offices and have spoken with three other Sheriffs who have indicated no interest.

Departmental staff met with the Citrus County Sheriff’s Office on December 8, 2006, to discuss the STAR program. At this time, the Department has not heard back from them on their decision.

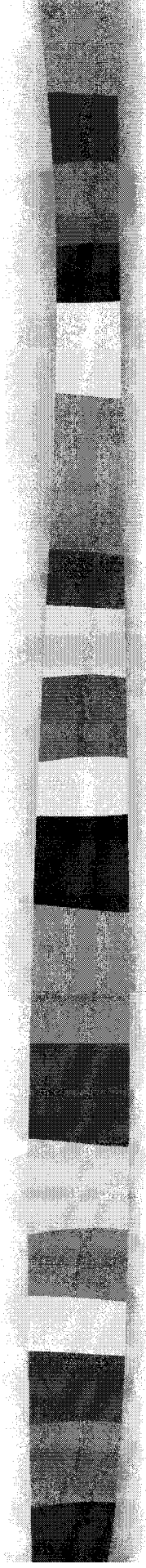
Department Residential staff also met (March 1, 2007) with a representative of the Gadsden County Sheriff's Office to discuss the operation of a program for regional youth. They are not interested in operating a STAR program, but an innovative program for low to moderate risk youth. Discussions will continue, as the Gadsden County Sheriff appears interested in contracting with the Department to operate a low to moderate risk residential program.

To date, the Department has not contracted nor issued any Requests for Proposals (RFPs) for any moderate risk programs with these funds.

Specifically, the Department needs more specialized beds to serve the following category of youth:

- 24 moderate risk sex offender beds (South Region) at an estimated cost of \$1,487,185; and,
- 25 moderate risk developmentally disabled beds at an estimated cost of \$1,500,606

Detention Cost Sharing



House Juvenile Justice Committee

March 7, 2007

Representative Mitch Needelman, Chair

Brief History

- Legislation passed in 2004 provided for shared responsibility between Department and counties for costs of detention effective October 1, 2004
- Special session addressed counties' issues and changed effective date of county responsibility to begin July 2005
- DJJ adopted a rule, Chapter 63G-1, effective July 16, 2006

Challenges With New Legislation

- DJJ did not request additional resources to implement changes
- As a result, DJJ has struggled in the first year to produce timely and accurate data and reports for the counties

Data Issues

- In Winter '05 / Spring '06 counties identified various problems with data sent out in their first quarter reports:
 - Duplicate days counted for youth in more than 1 facility on one given day
 - City, County and State were not matched correctly
 - Youth residence issues

DJJ Response

- Rewrote computer code to identify errors and correct quicker
- Data extracts sent to Data Integrity Officers and Juvenile Probation Officers for updates and corrections
- Held meetings with Florida Association of Counties (FAC) representatives to discuss issues and present solutions
- Continue to gather feedback from individual counties and the FAC

Results

- First quarter report for FY '06/07 addresses most data issues previously identified
- Same adjustments have been applied to entire FY '05/06 database for final reconciliation
- First annual reconciliation to be sent out late March 2007

Outreach to Counties

- Conducted 1 day educational workshops in Tallahassee and Miami in partnership with FAC and the Small County Coalition
- Meeting addressed:
 - Recent improvements to database
 - Overview of Detention budget
 - Explanation of reconciliation process
 - Question and answer session

County Key Concerns

- Pay adjustments for FY '06/07 have resulted in a budget shortfall for fiscally constrained counties
- Counties are billed for Detention usage associated with:
 - Violation of Probation (VOP)
 - Dependency cases
 - Contempt of court cases
 - Other court orders that may not have resulted in a new charge
- FAC expressed the need for a rule or statute revision to dictate what expenses are included in “predisposition” costs from year to year
- Would like to see a process to dispute annual reconciliation
- FAC is concerned with the proportion of costs shared by State and counties

Considerations and Resolutions

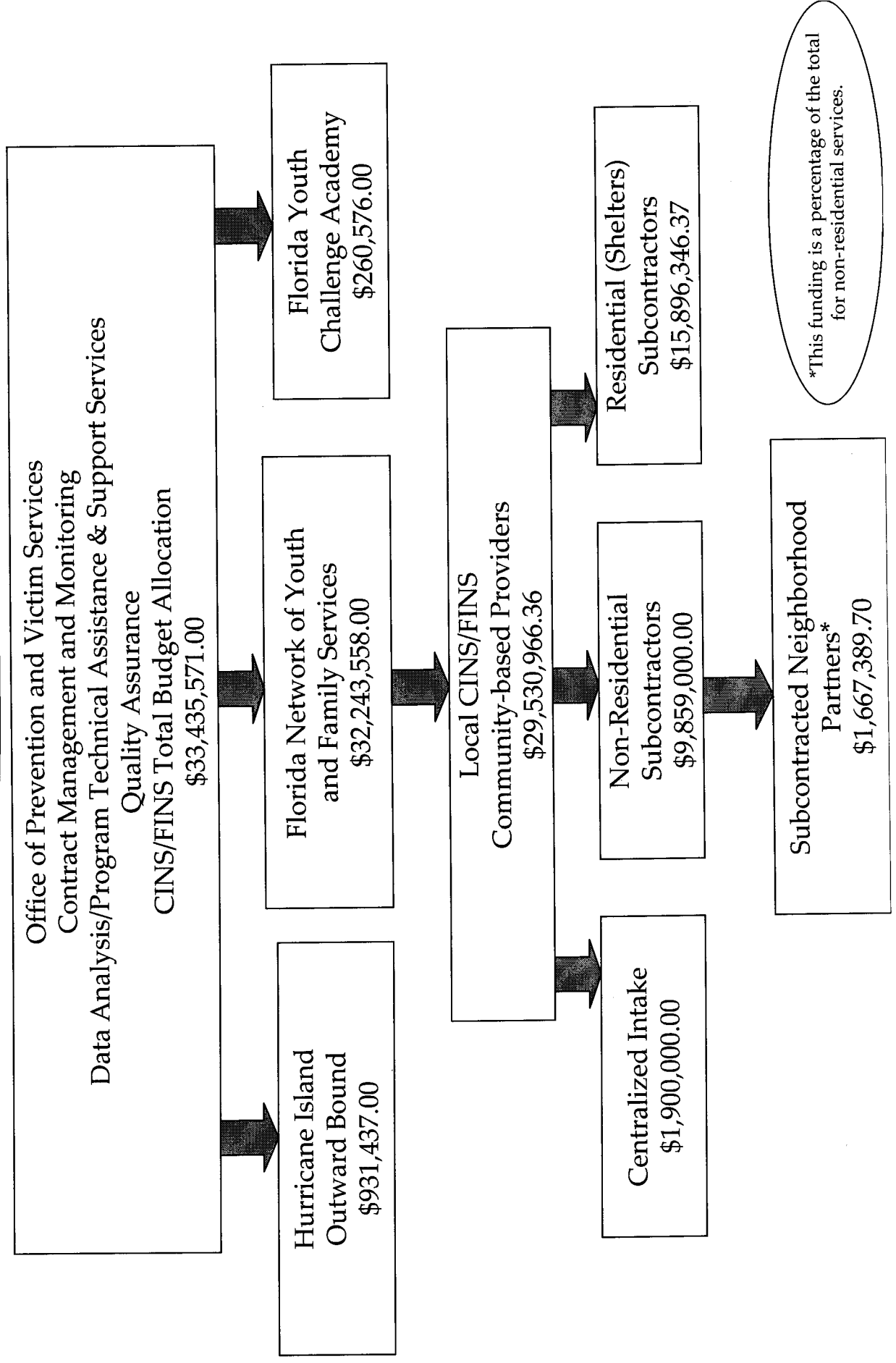
- Governor's proposed supplemental release for FY '06/07 would hold fiscally constrained counties harmless
- Shift of court order costs to DJJ would substantially increase the State's current share
- DJJ and the counties will continue to work through the quarterly report and dispute process to help ensure annual reconciliation report is timely and accurate
- DJJ's goal is to schedule semiannual meetings with counties to continue open lines of communications

| Juvenile Delinquency Prevention Grant Funding | | | | |
|---|----------------------|-------------------|-------------------|-------------------|
| Circuit | Counties Served | Contact \$ | | |
| | | FY 2006-2007 | FY 2005-2006 | FY 2004-2005 |
| 1 | Escambia | 75,555.00 | 107,869.00 | 135,938.00 |
| | Okaloosa | 76,719.00 | 76,719.00 | 99,874.00 |
| | Santa Rosa | 65,634.00 | 65,634.00 | 87,734.00 |
| | Walton | 35,000.00 | 35,000.00 | 51,975.00 |
| | Circuit Total | 252,908.00 | 285,222.00 | 375,521.00 |
| 2 | Leon | 76,715.00 | 76,715.00 | 111,757.00 |
| | Franklin | 35,000.00 | 34,998.00 | 39,202.00 |
| | Gadsden | 35,000.00 | 35,000.00 | 54,831.00 |
| | Jefferson | 35,000.00 | 35,000.00 | 39,890.00 |
| | Liberty | 35,000.00 | 35,000.00 | 38,140.00 |
| | Wakulla | 35,000.00 | 35,000.00 | 46,656.00 |
| | Circuit Total | 251,715.00 | 251,713.00 | 330,476.00 |
| 3 | Columbia | 35,000.00 | 37,980.00 | 61,116.00 |
| | Dixie | 35,000.00 | 0 | 0 |
| | Hamilton | 35,000.00 | 35,000.00 | 40,896.00 |
| | Lafayette | 35,000.00 | 35,000.00 | 37,024.00 |
| | Suwannee | 35,000.00 | 35,000.00 | 51,728.00 |
| | Madison | 35,000.00 | 35,000.00 | 0 |
| | Taylor | 35,000.00 | 35,000.00 | 45,614.00 |
| | Circuit Total | 245,000.00 | 212,980.00 | 236,378.00 |
| 4 | Clay | 61,545.00 | 74,328.00 | 94,871.00 |
| | Duval | 110,000.00 | 211,012.00 | 254,982.00 |
| | Nassau | 38,189.00 | 38,189.00 | 56,111.00 |
| | Circuit Total | 209,734.00 | 323,529.00 | 405,964.00 |
| 5 | Citrus | 50,707.00 | 50,707.00 | 70,129.00 |
| | Hernando | 51,447.00 | 56,535.00 | 76,302.00 |
| | Sumter | 35,000.00 | 35,000.00 | 50,534.00 |
| | Marion | 100,266.00 | 100,266.00 | 128,195.00 |
| | Lake | 69,757.00 | 87,737.00 | 112,067.00 |
| | Circuit Total | 307,177.00 | 330,245.00 | 437,227.00 |
| 6 | Pasco | 75,000.00 | 123,715.00 | 187,145.00 |
| | Pinellas | 166,682.00 | 258,363.00 | 370,690.00 |
| | Circuit Total | 241,682.00 | 382,078.00 | 557,835.00 |
| 7 | Flagler | 37,938.00 | 37,938.00 | 57,571.00 |
| | Volusia | 88,212.00 | 163,212.00 | 203,399.00 |
| | Putnam | 44,005.00 | 44,005.00 | 61,596.00 |
| | St. Johns | 71,385.00 | 71,385.00 | 100,769.00 |
| | Circuit Total | 241,540.00 | 316,540.00 | 423,335.00 |
| 8 | Bradford | 35,000.00 | 34,999.00 | 43,697.00 |
| | Union | 35,000.00 | 35,000.00 | 39,016.00 |
| | Alachua | 78,419.00 | 78,419.00 | 99,527.00 |
| | Gilchrist | 35,000.00 | 35,000.00 | 39,958.00 |
| | Levy | 35,000.00 | 35,000.00 | 48,446.00 |
| | Baker | 35,000.00 | 35,000.00 | 44,765.00 |
| | Circuit Total | 253,419.00 | 253,418.00 | 315,409.00 |

Juvenile Delinquency Prevention Grant Funding

| Circuit | Counties Served | Contact \$ | | |
|-----------------------|----------------------|-----------------------|-----------------------|-----------------------|
| | | FY 2006-2007 | FY 2005-2006 | FY 2004-2005 |
| 9 | Orange | 278,165.00 | 278,165.00 | 343,114.00 |
| | Osceola | 70,245.00 | 88,123.00 | 112,062.00 |
| | Circuit Total | 348,410.00 | 366,288.00 | 455,176.00 |
| 10 | Hardee | 35,000.00 | 35,000.00 | 44,883.00 |
| | Highlands | 44,775.00 | 44,775.00 | 70,228.00 |
| | Polk | 176,930.00 | 176,930.00 | 177,303.00 |
| | Circuit Total | 256,705.00 | 256,705.00 | 292,414.00 |
| 11 | Dade | 375,000.00 | 525,000.00 | 696,317.00 |
| | Circuit Total | 375,000.00 | 525,000.00 | 696,317.00 |
| 12 | Sarasota | 91,730.00 | 91,730.00 | 220,957.36 |
| | DeSoto | 35,000.00 | 35,000.00 | 46,473.00 |
| | Manatee | 101,422.00 | 101,422.00 | 156,146.00 |
| | Circuit Total | 228,152.00 | 228,152.00 | 423,576.36 |
| 13 | Hillsborough | 303,619.00 | 323,269.00 | 328,346.00 |
| | Circuit Total | 303,619.00 | 323,269.00 | 328,346.00 |
| 14 | Bay | 69,939.00 | 69,939.00 | 90,547.00 |
| | Calhoun | 35,000.00 | 35,000.00 | 39,185.00 |
| | Gulf | 35,000.00 | 35,000.00 | 40,177.00 |
| | Holmes | 35,000.00 | 35,000.00 | 40,642.00 |
| | Jackson | 35,000.00 | 35,000.00 | 47,577.00 |
| | Washington | 35,000.00 | 35,000.00 | 40,734.00 |
| | Circuit Total | 244,939.00 | 244,939.00 | 298,862.00 |
| 15 | Palm Beach | 254,762.00 | 353,640.00 | 409,603.00 |
| | Circuit Total | 254,762.00 | 353,640.00 | 409,603.00 |
| 16 | Monroe | 38,230.00 | 42,011.00 | 62,629.00 |
| | Circuit Total | 38,230.00 | 42,011.00 | 62,629.00 |
| 17 | Broward | 360,764.00 | 421,528.00 | 513,987.00 |
| | Circuit Total | 360,764.00 | 421,528.00 | 513,987.00 |
| 18 | Brevard | 145,714.00 | 145,714.00 | 178,936.00 |
| | Seminole | 84,000.00 | 101,244.00 | 126,374.00 |
| | Circuit Total | 229,714.00 | 246,958.00 | 305,310.00 |
| 19 | Martin | 55,952.00 | 55,952.00 | 78,323.00 |
| | Indian River | 50,463.00 | 50,463.00 | 69,972.00 |
| | Okeechobee | 35,000.00 | 35,000.00 | 48,153.00 |
| | St. Lucie | 78,867.00 | 101,611.00 | 136,017.00 |
| | Circuit Total | 220,282.00 | 243,026.00 | 332,465.00 |
| 20 | Lee | 163,962.00 | 163,962.00 | 200,891.00 |
| | Collier | 79,225.00 | 95,359.00 | 123,464.00 |
| | Charlotte | 53,932.00 | 53,932.00 | 74,040.00 |
| | Glades | 35,000.00 | 35,000.00 | 37,487.00 |
| | Hendry | 28,000.00 | 35,000.00 | 49,544.00 |
| | Circuit Total | 360,119.00 | 383,253.00 | 485,426.00 |
| TOTAL FOR YEAR | | \$5,223,871.00 | \$5,990,494.00 | \$7,686,256.36 |

Florida Department of Juvenile Justice



Department of Juvenile Justice
FY 2006-07 CINS/FINS Subcontracted Amounts

| CIRCUIT | AGENCY* | TOTAL RESIDENTIAL + NON-RESIDENTIAL | NON-RESIDENTIAL | RESIDENTIAL | RESIDENTIAL FACILITIES (SHELTERS) |
|---------|--|---|-----------------|----------------|--|
| 1 | Lutheran Services/NW | \$1,629,415.32 | \$527,000.00 | \$910,597.74 | Currie House HOPE House |
| 2 | Capital City Youth Services | \$1,210,845.00 | \$456,000.00 | \$579,591.19 | Someplace Else Youth Shelter |
| 3 | CDS Family and Behavior Health | \$2,470,980.72 | \$628,000.00 | \$1,575,625.91 | Interface Central Interface East Interface Northwest |
| 3 | Capital City Youth Services | | | | Someplace Else Youth Shelter |
| 4 | Youth Crisis Center | \$2,160,511.44 | \$736,000.00 | \$952,343.26 | Youth Crisis Center Youth Crisis Center |
| 5 | Youth and Family Alternatives, Inc. | \$2,602,703.20 | \$828,000.00 | \$1,551,099.29 | New Beginnings Youth Shelter |
| | | | | | Runaway Alternatives Project (RAP House) |
| | | | | | George W. Harris Jr. Runaway and Youth Crisis Shelter (10) |
| 5 | Arnette House | \$1,122,351.24 | \$363,000.00 | \$623,790.91 | Arnette House |
| 6 | Family Resources, Inc. | \$2,533,084.20 | \$735,000.00 | \$1,495,719.78 | Family Resources St. Pete Family Resources Clearwater Manatee Runaway/Youth Crisis Shelter(12) |
| 7 | ACT Corporation | \$1,099,276.68 | \$357,000.00 | \$605,711.39 | BEACH House |
| 9 | Orange County Youth and Family Orange County Family Counseling (Non-Residential) | \$1,426,930.44 | \$537,000.00 | \$669,304.63 | Orange County Youth Shelter |
| | Sunnyside Village Youth Shelter/Park Place | | | | |
| | | \$536,583.84 | \$178,000.00 | \$300,133.11 | Sunnyside Village Youth Shelter |
| 11 | Miami Bridge Youth and Family Services | \$2,059,519.56 | \$526,000.00 | \$1,297,294.57 | Miami Bridge-Central Miami Bridge-Homestead |
| 12 | Sarasota Family YMCA, Inc. | \$1,059,834.84 | \$365,000.00 | \$549,322.54 | Sunnyside Village Youth Shelter |
| 13 | Hillsborough County Children's Services | \$1,353,884.40 | \$650,000.00 | \$480,137.46 | Haven W. Poe Runaway Shelter |
| 14 | Anchorage Children's Home of Bay County, Inc. | \$887,735.64 | \$339,000.00 | \$425,443.66 | Hidle House |

Department of Juvenile Justice
FY 2006-07 CINS/FINS Subcontracted Amounts

| CIRCUIT | AGENCY* | TOTAL RESIDENTIAL + NON-RESIDENTIAL | NON-RESIDENTIAL | RESIDENTIAL | RESIDENTIAL FACILITIES (SHELTERS) |
|---------------|---|---|-----------------------|-------------------------------|--------------------------------------|
| 15 | Children's Home Society - WPB | \$1,210,502.76 | \$475,000.00 | \$594,758.01 | Safe Harbor Runaway |
| 16 | Florida Key's Children's Shelter, Inc. | \$735,341.88 | \$193,000.00 | \$498,743.95 | Florida Keys Children Shelter |
| 17 | Lutheran Services- SE | \$1,206,230.28 | \$461,000.00 | \$635,037.02 | Lippman Youth Shelter |
| 17 | Devereux of Florida (Non-residential) | \$228,144.00 | \$149,000.00 | | |
| 18 | Crosswinds Youth Services | \$1,066,601.16 | \$333,000.00 | \$609,924.94 | Robert E. Lehton Children's Shelter |
| 18 | Girls and Boys Town of Central Florida | \$618,961.08 | 187,000.00 | \$368,441.33 | Boys Shelter Girls Shelter |
| 19 | Children's Home Society | \$841,239.36 | \$274,000.00 | \$473,064.84 | The Wavecrest |
| 20 | Lutheran Services/SW | \$1,470,289.32 | \$562,000.00 | \$700,260.84 | Oasis Youth Shelter |
| TOTALS | | \$29,530,966.36 | \$9,859,000.00 | \$15,896,346.37 | |
| | | | | Includes 15% Indirect Cost | |
| | Centralized Intake*** | \$1,900,000.00 | | | |
| | Staff-Secure Shelter | \$150,000.00 | | | |
| | *The listed agency also provides non-residential services. | | | | |
| | Note: Circuit share of centralized intake is not included in total. | | | | |

Department of Juvenile Justice
2006-07 CINS/FINS Minority Participation in Non-Residential Services

| CIRCUIT | AGENCY | NON-RESIDENTIAL TOTAL | NEIGHBORHOOD PARTNERS* | TOTAL 06-07 |
|--|---|--------------------------|---|-----------------------|
| 1 | Lutheran Services/NW | \$527,000.00 | Pensacola Faith Based | \$79,050.00 |
| 2 | Capital City Youth Services | \$456,000.00 | Mothers in Crisis | \$68,400.00 |
| 3 | CDS Family and Behavior Health | \$628,000.00 | Gainesville Housing Authority | \$94,200.00 |
| 3 | Capital City Youth Services | | Mothers in Crisis | |
| 4 | Youth Crisis Center | \$736,000.00 | Brenda Frinks and Associates | \$113,007.96 |
| 5 | Youth and Family Alternatives, Inc. | \$828,000.00 | Farmworkers Self Help | \$41,580.00 |
| | | | Luster All Pastoral Care | \$96,250.00 |
| 5 | Arnette House | \$363,000.00 | Angela Christie | \$56,049.36 |
| 6 | Family Resources, Inc. | \$735,000.00 | United Community Center | \$34,809.00 |
| | | | Bethel Community Foundation | \$72,856.00 |
| 7 | ACT Corporation | \$357,000.00 | The House Next Door | \$53,550.00 |
| 9 | Orange County Youth and Family Orange County Family Counseling (Non-Residential) | \$537,000.00 | Summit Behavioral Healthcare | |
| | Sunnyside Village Youth Shelter/Park Place | | Summit Behavioral Healthcare | \$98,000.00 |
| | | \$178,000.00 | CHS Osceola | \$26,700.00 |
| 11 | Miami Bridge Youth and Family Services | \$526,000.00 | CFCE-Center for Family and Child Enrichment | \$158,672.00 |
| 12 | Sarasota Family YMCA, Inc. | \$365,000.00 | Thaise Educational Tours | \$53,794.35 |
| 13 | Hillsborough County Children's Services | \$650,000.00 | Tampa Housing Authority | \$103,526.00 |
| | | | FL Institute Community Studies | \$60,000.00 |
| 14 | Anchorage Children's Home of Bay County, Inc. | \$339,000.00 | Tammy Anderson | \$53,130.00 |
| 15 | Children's Home Society - WPB | \$475,000.00 | Urban League | \$71,250.00 |
| 16 | Florida Key's Children's Shelter, Inc. | \$193,000.00 | Hayward Magby | \$28,045.00 |
| 17 | Lutheran Services- SE | \$461,000.00 | Mt. Bethel | \$69,150.00 |
| 17 | Devereux of Florida (Non-residential) | \$149,000.00 | Unity Counseling Services | \$32,020.03 |
| 18 | Crosswinds Youth Services | \$333,000.00 | Links of Hope | \$49,950.00 |
| 18 | Girls and Boys Town of Central Florida | 187,000.00 | 4 Our Cookie, Inc. | \$28,000.00 |
| 19 | Children's Home Society | \$274,000.00 | MAD DADS, Inc. | \$41,100.00 |
| 20 | Lutheran Services/SW | \$562,000.00 | Quality Life Center | \$84,300.00 |
| TOTALS | | \$9,859,000.00 | | \$1,667,389.70 |
| | | | | 16.91% |
| *The funding for Neighborhood Partners (minority participation) is a percentage of the total funding for non-residential services. | | | | |

Allocations to Local CINS/FINS Community-Based Providers by Circuit/County

February 2, 2007

| Circuit | Counties Served | Contact \$ | | | # shelters |
|---------|---|--------------------------------------|--------------------------------------|-------------------------------------|------------|
| | | FY 06-07 | FY 05-06 | FY 04-05 | |
| 1 | Escambia, Okaloosa, Santa Rosa, Walton | \$1,629,415 | \$1,511,364 | \$1,417,484 | 2 |
| 2 | Leon, Franklin, Gadsden, Jefferson, Liberty, Wakulla | \$1,136,925 | \$868,715 | \$933,475 | 1 |
| 3 | Columbia, Dixie, Hamilton, Lafayette, Suwannee Madison, Taylor | \$625,085 \$73,920 | \$506,470 \$119,840 | \$468,954 \$24,640 | 0 |
| | Circuit Total | \$699,005 | \$626,310 | \$493,594 | |
| 4 | Clay, Duval, Nassau | \$2,061,128 | \$1,886,011 | \$1,795,906 | 1 |
| 5 | Citrus, Hernando, Sumter Marion, Lake | \$589,932 \$1,122,351 | \$524,971 \$1,035,074 | \$503,384 \$996,713 | 2 |
| | Circuit Total | \$1,712,284 | \$1,560,045 | \$1,500,097 | |
| 6 | Pasco Pinellas | \$946,222 \$1,648,104 | \$820,948 \$1,637,261 | \$834,627 \$1,731,891 | 3 |
| | Circuit Total | \$2,594,326 | \$2,458,209 | \$2,566,518 | |
| 7 | Flagler, Volusia Putnam St. Johns | \$1,099,277 \$625,084 \$90,741 | \$1,015,104 \$506,470 \$32,884 | \$983,183 \$468,954 \$117,166 | 2 |
| | Circuit Total | \$1,815,102 | \$1,554,459 | \$1,569,303 | |
| 8 | Bradford, Union, Alachua, Gilchrist, Levy Baker | \$1,220,812 \$8,642 | \$988,918 \$15,475 | \$915,665 \$7,683 | 2 |
| | Circuit Total | \$1,229,454 | \$1,004,393 | \$923,348 | |
| 9 | Orange Osceola | \$1,426,930 \$536,584 | \$1,095,186 \$510,906 | \$1,089,178 \$534,605 | 2 |
| | Circuit Total | \$1,963,514 | \$1,606,092 | \$1,623,783 | |
| 10 | Hardee, Highlands, Polk | \$1,146,549 | \$1,074,758 | \$1,055,267 | 1 |
| 11 | Dade | \$2,391,017 | \$2,204,462 | \$2,170,099 | 2 |
| | Circuit Total | \$2,391,017 | \$2,204,462 | \$2,170,099 | |

Allocations to Local CINS/FINS Community-Based Providers by Circuit/County

February 2, 2007

| | | | | | |
|--------------------------------|---|---------------------|---------------------|---------------------|-----------|
| 12 | Sarasota, Desoto | \$1,059,835 | \$1,036,810 | \$1,029,895 | |
| | Manatee | \$884,980 | \$722,766 | \$608,502 | |
| | Circuit Total | \$1,944,815 | \$1,759,576 | \$1,638,397 | 2 |
| 13 | Hillsborough | \$1,353,884 | \$1,123,912 | \$1,103,392 | 1 |
| 14 | Bay, Calhoun, Gulf, Holmes, Jackson, Washington | \$887,736 | \$798,574 | \$778,890 | 1 |
| 15 | Palm Beach | \$1,210,503 | \$903,677 | \$895,797 | 1 |
| 16 | Monroe | \$735,342 | \$674,057 | \$642,457 | 1 |
| 17 | Broward | | | | 1 |
| | Circuit Total | \$1,653,811 | \$1,539,173 | \$1,493,743 | |
| 18 | Brevard | \$1,066,601 | \$1,023,204 | \$1,013,873 | |
| | Seminole | \$618,961 | \$508,048 | \$498,433 | |
| | Circuit Total | \$1,685,562 | \$1,531,252 | \$1,512,306 | 2 |
| 19 | Martin, Indian River, Okeechobee, St. Lucie | \$841,239 | \$733,999 | \$706,127 | 1 |
| 20 | Lee, Collier, Charlotte, Glades, Hendry | \$1,470,289 | \$1,413,009 | \$1,536,760 | 1 |
| Total Contracted Amount | | \$30,161,900 | \$26,832,048 | \$26,356,743 | 29 |

The past 2 legislative sessions, new money went to raise the starting pay of Youth Care Workers in the shelters
Last session funding from the legislature also included expansion of non-residential capacity

CINS/FINS YOUTH SERVED BY RACE BY COUNTY
FY 2005-06

Tabulation of Youth Served for 2005-2006 by County of Service and Race as of NetMIS 2/12/07

| County | American Indian | Alaskan Native | Asian | Black | Pacific Islander | White | Multiracial | Other | Unknown | Total | % Black | % White | 06-07 Contracted CINS/FINS \$ | # of shelters | Statewide Youth arrested in selected counties | DJJ 05-06 # Youths arrested per county |
|------------------|-----------------|----------------|-------|-------|------------------|-------|-------------|-------|---------|-------|---------------------------------|---------|-------------------------------|---------------|---|--|
| BROWARD | 2 | 0 | 1 | 301 | 2 | 202 | 11 | 13 | 15 | 547 | 55.0% | 36.9% | \$ 1,653,811 | 1 | 8.3% | 7795 |
| DUVAL | 0 | 3 | 5 | 716 | 2 | 421 | 44 | 18 | 13 | 1222 | 58.6% | 34.5% | \$ 1,844,710 | 1 | 4.9% | 4605 |
| HILLSBOROUGH | 1 | 1 | 3 | 247 | 3 | 530 | 41 | 23 | 27 | 876 | 28.2% | 60.5% | \$ 1,353,884 | 1 | 8.6% | 8093 |
| MIAMI-DADE | 0 | 0 | 3 | 846 | 0 | 483 | 10 | 3 | 3 | 1348 | 62.8% | 35.8% | \$ 2,391,017 | 2 | 7.9% | 7408 |
| ORANGE | 0 | 0 | 8 | 404 | 6 | 374 | 43 | 23 | 2 | 860 | 47.0% | 43.5% | \$ 1,426,930 | 1 | 7.1% | 6717 |
| PALM BEACH | 2 | 1 | 3 | 169 | 0 | 112 | 28 | 29 | 13 | 357 | 47.3% | 31.4% | \$ 1,210,503 | 1 | 5.6% | 5299 |
| PINELLAS | 6 | 2 | 8 | 401 | 7 | 570 | 62 | 22 | 6 | 1084 | 37.0% | 52.6% | \$ 1,648,104 | 2 | 5.7% | 5395 |
| | | | | | | | | | | | | | \$ 11,528,959 | 9 | 48.1% | 45312 |
| Total | 11 | 7 | 31 | 3084 | 20 | 2692 | 239 | 131 | 79 | 6294 | total \$ | | \$ 30,161,900 | | | |
| percent of total | | | | | | | | | | | % of CINS/FINS \$ to 7 counties | | \$ 18,632,942 | | | |
| | | | | | | | | | | | | | \$ 38.22% | | | 94228 |
| | | | | | | | | | | | | | | | Total statewide # youth arrested | |

Current contract requires that all counties be served and all circuits

See Florida Network worksheet in this file labeled "ethnicity" for ethnicity breakout of White and Black
Average \$ per county of the 7 select \$ 1,646,994

CINS/FINS YOUTH SERVED BY COUNTY AND ETHNICITY
FY 05-06

CINS/FINS
Hispanic Ethnicity Breakout for FY 05-06

| County | Black total | Black Hispanic | Black Unknown ethnicity | Black Non-Hispanic |
|---|-------------|----------------|-------------------------|--------------------|
| BROWARD | 301 | 2 | 42 | 257 |
| DUVAL | 716 | 2 | 59 | 655 |
| HILLSBOROUGH | 247 | 10 | 22 | 215 |
| MIAMI-DADE | 846 | 24 | 4 | 818 |
| ORANGE | 404 | 20 | 17 | 367 |
| PALM BEACH | 169 | 1 | 25 | 143 |
| PINELLAS | 401 | 6 | 5 | 390 |
| Total | 3084 | 65 | 174 | 2845 |
| Hispanic ethnicity percent of total | | | | 92.3% |
| Hispanic ethnicity percent of total White | | | | 33.1% |

| White total | White Hispanic | White Unknown ethnicity | White Non-Hispanic | % White Hispanic |
|---|----------------|-------------------------|--------------------|------------------|
| 202 | 71 | 17 | 114 | 35% |
| 421 | 22 | 30 | 369 | 5% |
| 530 | 141 | 25 | 364 | 27% |
| 483 | 427 | 0 | 56 | 88% |
| 374 | 183 | 3 | 188 | 49% |
| 112 | 23 | 13 | 76 | 21% |
| 570 | 23 | 3 | 544 | 4% |
| 2692 | 890 | 91 | 1711 | |
| Hispanic ethnicity percent of total White | | | | 63.6% |

Total Hispanic Black and White 955 15.2% of total served in these counties were of Hispanic ethnicity



Presentation to the House Juvenile Justice Committee

Improvements to the Department of Juvenile Justice's Quality Assurance and Accountability Functions

Eleese Davis, Director

John Criswell, Chief of Quality Assurance

Mark Greenwald, Research and Data

March 7, 2007

Improvements/Changes

- Unannounced quality assurance reviews.
- Elimination of “Deemed Status”.
- Refined & refocused the quality assurance standards (reduced key indicators from 118 to 42.
- Added tier II standards based on evidence-based practices that have been shown to reduce recidivism.

Established a Programming and Technical Assistance Unit to help programs improve.

Combined three reports (Program Accountability Measures, Quality Assurance, and Outcome Evaluation) into one report.

Developed a single report card for residential programs to integrate program accountability measures (cost and recidivism), contract compliance, substantiated incidents, and quality assurance into one overall program score.

How Data is Used

- To direct strategies for program improvement or contract action.
- To develop and/or refine department policy.
- To identify best practices that should be replicated.

● To identify poorly performing programs so that intensive monitoring and/or technical assistance can be initiated.

● In 2006, 24% of all program reviewed were placed on “Conditional Status” and 7 programs failed the QA review.

- To identify programs that must implement an outcome based corrective action plan.
- To identify programs where the department must take contract action such as a cure notice or contract termination.

The Residential Program Report Card

Evaluation reporting, monitoring, and quality assurance functions have been integrated through the implementation of the Residential Report Card.



Youth Environmental Services

Moderate Risk-Male
Associated Marine Institutes

Program Description:

This is a 33 bed moderate-risk program for males operated by Associated Marine Institutes, Inc. The program is located in Wimauma, Florida. This wilderness-based program enhances rehabilitation efforts through environmental education, academic education, and a variety of vocational and life-skills training. The program is performance based, stresses academic achievement, appropriate behavior, a positive attitude and excellence in performance. The program serves male youth between the ages of 14 and 18. Youth with 3rd degree or higher felonies with prior commitments or a history of assault, first-degree misdemeanor with prior commitment and chronic problems or transfers from low risk commitment programs are appropriate for admission. Youth with arson charges, or suicide behaviors or youth on behavior modification psychotropic medication are not considered appropriate for this program. Youth with asthma and mature 14-year-old males are accepted on a case-by-case basis by the program director. The designed length of stay is six to nine months.

Hillsborough County

Program Measures

Rating

PAM Score

86

Recidivism Reduction

Highly Effective

Program Cost Category

Moderate

Contract Compliance

Substantiated Incident Rate

Staff Incidents

0

None

Youth Incidents

0

None

Quality Assurance

87

Excellent Above Average Average Below Average Below Minimum N/A Threshold

Overall Program Score

90

Program Strengths:

- Highly effective in reducing recidivism
- Training available for all program staff
- Highly effective in reducing recidivism
- Effective safety and security
- Effective management team
- Effective training component
- Excellent case management program
- Effective staff

Recommendations:

- None

Special Notes:

The Residential Program Report Card

The Title Bar

Program Description

Program Measures

Program Strengths

Recommendations

Special Notes



Youth Environmental Services Moderate Risk-Male

| | Total Releases | Completion Rate | Escapes |
|----------|----------------|-----------------|---------|
| FY 01-02 | 42 | 95% | |
| 02-03 | 50 | 92% | 1 |
| 03-04 | 56 | 91% | 1 |
| 04-05 | 44 | 98% | 0 |
| 05-06 | 44 | 100% | 0 |

Youth Environmental Services Score:
Average for Moderate Risk-Male

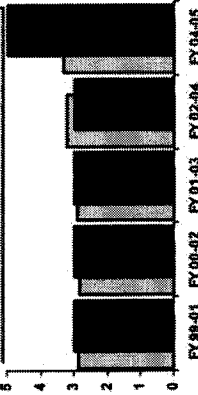
Cost Category (Year of Release)

1-Low 2-Moderate 3-High

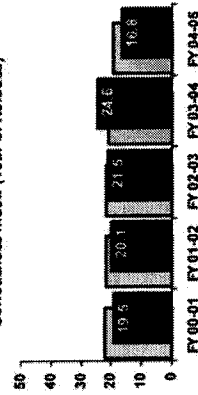


Recidivism Reduction (Year of Release)

1-Least Eff. 2-Below Avg. 3-Avg. 4-Effective 5-Highly Eff.



Seriousness Index (Year of Release)



FY 05-06 Expenditures: \$1,201,168

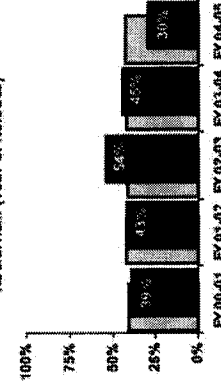
| State Expenditures | |
|---------------------------|-------------|
| DJJ Contract Expenditures | \$1,127,621 |
| Other State Funding | \$0 |
| Total State Funding | \$1,127,621 |
| Federal Expenditures: | |
| Medical/BHDS | \$0 |
| National School Lunch | \$45,812 |
| Other Federal Funding | \$27,735 |
| Total Federal Funding | \$73,547 |

Source: DJJ Office of Budget, and Finance and Accounting

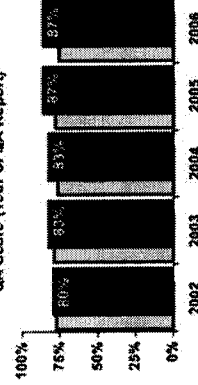
Average Length of Stay in
FY 2005-06 (Months)

8.9

Recidivism (Year of Release)



QA Score (Year of QA Report)



FOR MORE INFORMATION ON PROGRAM PERFORMANCE OR DEPARTMENT STATISTICS, PLEASE VISIT OUR WEBSITE:
<http://www.djj.state.fl.us/>

The Residential Program Report Card

Release Trends

Escape Trends

Recent
Expenditures

Length of Stay

Trend Charts

Residential Report Card

The 2005-06 Residential Report Card summarizes overall performance for programs with completions in FY 2005-06. Because residential programs commonly change names, providers, levels and services, several reporting standards were developed in order to display data most appropriately. A listing of the programs that were affected by these changes in FY 2005-2006 is attached in Appendix A of the Comprehensive Accountability Report.

Methods and Definitions

Name Change

If a program changed names before or during FY 2005-2006, the most recent name in FY 2005-2006 was used.

Provider Change

If the program changed providers without a new contract bid after FY 2005-2006, the new provider is listed on the report. If the program changed providers with a new contract bid after FY 2005-2006, the program does not have a report card because the program is no longer in operation under that contracted provider.

If the program changed providers with or without a contract bid before the end of FY 2004-2005, data only exists for the current FY 2005-2006 provider. Because of this, some programs that may have seemingly been operating for several years, do not show data or show little data for the FY 2005-2006. The new provider is consequently not held responsible for the performance of previous providers.

Level Change

If a program changed levels since the end of FY 2005-2006, the report card represents the level of the program as it was in 2005-2006.

Service Change

If a program that has been operating for more than one year changes the services provided but does not change providers or programs, the most recent service type classification is used.

Explanation of Sections

Title Bar

The title bar includes the DJJ logo, program name, level, gender of youth served, provider and county where it is located.

Program Description

This section describes the general program size, scope and treatment design.

Program Measures Section

This section lists the specific score for each of the programmatic measures. The rating system consists of 5 categories representing the 5 phases of a circle: Excellent, above average, average, below average and below minimum threshold.

PAM Score

The PAM score is a standardized grade that incorporates both the recidivism effectiveness and program cost per completion. For more information on the complete methodology of the PAM, refer to the "Data Sources and Methods" chapter of the Annual Report.

Recidivism Reduction

This score is taken from the most recent P A M report, and is reported as "Recidivism Effectiveness". Programs are divided into one of five categories based on the standardized difference between their expected recidivism range and their observed recidivism rates. Below are the recidivism scoring definitions:

Highly Effective: These programs have recidivism rates that are more than one standard deviation below the lower limit of the expected recidivism range.

Effective: These programs have recidivism rates that are up to one standard deviation below the lower limit of the expected recidivism range.

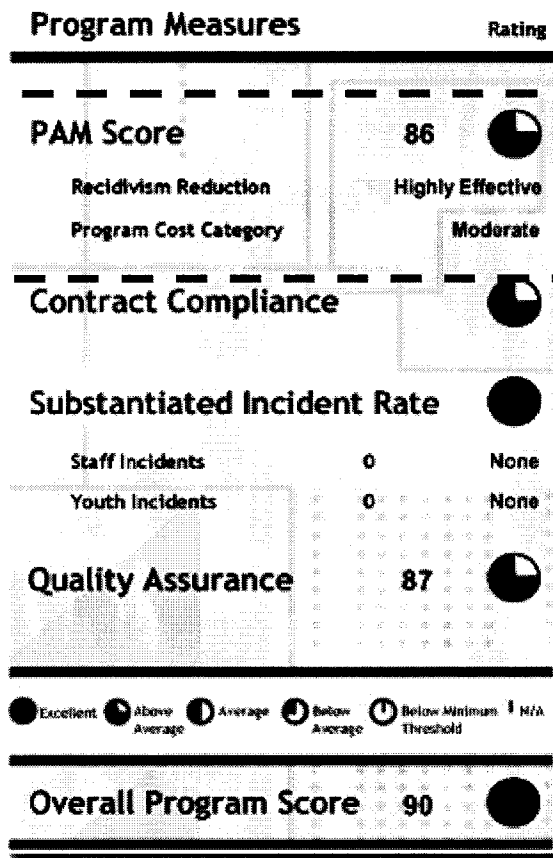
Average: These programs have recidivism rates that are within the expected recidivism range.

Below Average: These programs have recidivism rates that are up to one standard deviation above the upper limit of the expected recidivism range.

Least Effective: These programs have recidivism rates that are more than one standard deviation above the upper limit of the expected recidivism range.

Program Cost Category

This score is taken from the most recent PAM report. In the PAM analysis, this score is reported as "Cost Effectiveness". For this score, each program's average cost per completion is compared to the statewide average cost per completion. Programs are then divided into a category of low, moderate or high cost.



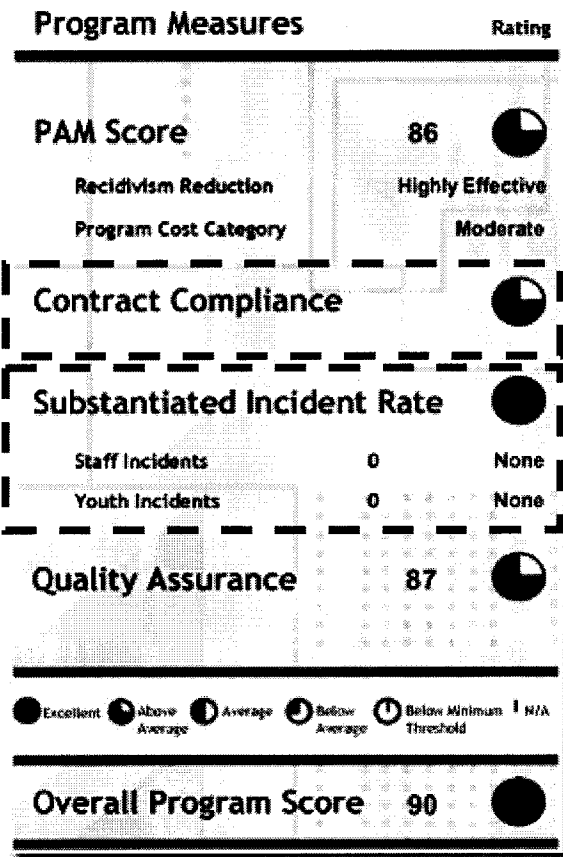
Contract Compliance

Contract compliance represents the program's adherence to the standards and conditions outlined in their respective contract(s). Programs were evaluated and ranked by residential contract monitors. To calculate the program's score, analysts looked for major deficiencies within the program. Additionally, analysts considered whether or not the program was put on an outcome based corrective action plan (OBCAP). The scoring for contract compliance is as follows:

- Full Compliance:** Received a score of 100.
- Above Average:** Received a score of 85.
- Average:** Received a score of 75.
- Below Average:** Received a score of 65.
- Below Minimum Threshold:** Received a score of 55.

Substantiated Incident Rate

Substantiated incidents were divided between staff and youth. If more than one person was involved in the same incident the incident counted once. However, if the incident involved both a youth and a staff member the incident was counted once for each. Incidences were then summed for each program and then divided by the total resident days to determine the incident rate. The rates were then standardized to a grade scale level.



The following factors were considered for determining a substantiated incident rate:

- Physical sexual relationship between staff and juveniles;
- Recovery / Possession of alcohol or controlled substance, weapons or firearms;
- Riot;
- Excessive Force;
- Medical Neglect;
- Juvenile on juvenile assault and batteries;
- Juvenile on staff assault and batteries;
- Death;
- Serious suicide attempts;
- Injury and / or medical illness; and
- Failure to report incidents.

Once the incidents were broken into grade scale levels, they were coded into the corresponding pie chart:

| <u>Rate as Grade Score</u> | <u>Pie</u> |
|----------------------------|--------------|
| 100-90 | Full pie |
| 89-80 | 3/4 full pie |
| 79-70 | 1/2 full pie |
| 69-60 | 1/4 full pie |
| 59-50 | Empty pie |

Quality Assurance

The department's quality assurance system is a performance-based process, mandated by Florida statutes, through which all residential programs in the state are evaluated annually. Based on their performance on standards that reflect the pertinent operational aspects of the program, each program receives an overall rating or score. The ratings are displayed similar to a school grading system with the following levels of achievement:

| | |
|-------------------------|----------|
| Exceptional performance | 100%-90% |
| Commendable performance | 89%-80% |
| Acceptable performance | 79%-70% |
| Minimal performance | 69%-60% |
| Failed standards | 59%-0% |

For calendar year 2006, a single quality assurance score is available for each of the department's residential programs.

Quality assurance standards include areas that pertain to high-liability areas for the Department involving life-safety issues, security issues, treatment issues, and conditions of confinement.

Total Score

This section lists the overall program score. Each of the four measures listed were averaged to calculate the total score. A minimum of three of the four measures was necessary in order to receive a total score. The scores were then categorized representing the 5 phases of a circle:

| | |
|---------------------------------|----------|
| Excellent: | 90 – 100 |
| Above Average: | 80 – 89 |
| Average: | 70 – 79 |
| Below Average: | 60 – 69 |
| Below Minimum Threshold: | 0 – 59 |
| No Data Available: | 0 |

Program Measures

Rating

PAM Score

86



Recidivism Reduction

Highly Effective

Program Cost Category

Moderate

Contract Compliance



Substantiated Incident Rate



Staff Incidents

0

None

Youth Incidents

0

None

Quality Assurance

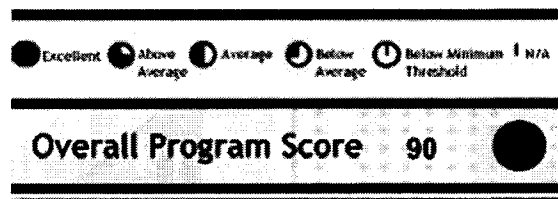
87



Excellent
 Above Average
 Average
 Below Average
 Below Minimum Threshold
 N/A

Overall Program Score

90



Program Strengths and Recommendations

This section describes the program's overall strengths and provides general recommendations for program improvement. The strengths and recommendations are based on data contained within the report card, the most recent quality assurance review, and input from the program monitors and the Office of Residential and Correctional Services.

Strengths

The following strengths were used in the report:

- Utilizes evidence-based treatment approaches;
- Effective and appropriate education services provided;
- Physical plant well maintained and in good condition;
- Stable work force;
- Effective training component;
- Vocational component included;
- Comprehensive healthcare services;
- Funding available for specialized services;
- No substantiated incidents;
- Family involved in treatments;
- Effective management team;
- Exemplary case management process;
- Effective safety and security;
- Utilizes community resources well;
- Emphasizes balanced and restorative justice processes;
- Demonstrates exceptional supervision methods;
- Strong behavioral management techniques;
- Well established community service program;
- Highly effective in reducing recidivism;
- Low substantiated incident rate;
- Excellent program / contract compliance; and
- Program redesign recently implemented.

Program Strengths:

- * Highly effective in reducing recidivism
- * Funding available for specialized services
- * No substantiated incidences
- * Effective safety and security
- * Effective management team
- * Effective training component
- * Exemplary case management process
- * Stable work force

Recommendations:

- * Incorporate more evidence-based treatment methods

Special Notes:

Recommendations

The following recommendations were used in the report:

- Incorporate more evidence-based treatment methods;
- Improve educational services;
- Repair the facility condition and appearance;
- Improve staff recruitment and reduce turn-over;
- Develop a better staff training program;
- Include or improve vocational components;
- Reform healthcare services;
- Incorporate more specialized services;
- Reduce the number of youth and / or staff incident rate;
- Increase family participation in treatment;
- Implement an effective management team;
- Address inadequate security to reduce escapes;
- Use more available community resources;
- Address deficiencies causing "Conditional Status"
- Improve overall supervision models;
- Implement more effective behavioral management;
- Improve inadequate safety and security practices
- Reduce length of stay;
- Implement restorative justice principles;
- Improve staff training to reduce PAR interactions
- Improve food services;
- Improve contract compliance; and
- Replace treatment model with an evidence-based approach.

Special Notes

If data is missing anywhere on the report card, this section provides a description of why the data is not available.

Expenditures:

This section lists expenditures reported for each program during the most recent fiscal period. The budget has been broken out by federal and state funds. The department's Offices of Budget & Accounting supplied these figures.

FY 05-06 Expenditures: \$1,201,168

State Expenditures

| | |
|----------------------------------|--------------------|
| DJJ Contract Expenditures | \$1,127,621 |
| Other State Funding | \$0 |
| Total State Funding | \$1,127,621 |

Federal Expenditures

| | |
|------------------------------|-----------------|
| Medicaid/BHOS | \$0 |
| National School Lunch | \$45,812 |
| Other Federal Funding | \$27,735 |
| Total Federal Funding | \$73,547 |

Source: DJJ Offices of Budget, and Finance and Accounting

Escapes

The escapes that are reported on the backside of the report card differ from the incidents reported on the front of the report card. The escapes reported on the back of the report card count each individual that escaped from a facility. The substantiated incidents on the back of the report card count escapes that may include several youth as one incident. For example, if there was one escape incident, but two youth escaping, the escapes will read "2" but the substantiated incidents will read "1". There is no escape data available for FY 01-2002.

| | Total Releases | Completion Rate | Escapes |
|----------|----------------|-----------------|---------|
| FY 01-02 | 42 | 95% | |
| 02-03 | 50 | 92% | 1 |
| 03-04 | 56 | 91% | 1 |
| 04-05 | 44 | 98% | 0 |
| 05-06 | 44 | 100% | 0 |

Trend Charts Section:

This section displays five-year trends for each program. Data for each program is compared against the average program score for the specific type of program. Each program falls into one of the below program types:

- Low Risk-Female;
- Low Risk-Male;
- Developmentally Disabled;
- Moderate Risk-Female;
- Moderate Risk-Male;
- Boot Camps;
- Moderate Risk Mental Health-Female;
- Moderate Risk Mental Health-Male;
- Moderate Risk Substance Abuse-Female;
- Moderate Risk Substance Abuse-Male;
- Moderate Risk Sex Offender-Male;
- High Risk-Female;
- High Risk-Male;
- High Risk Mental Health-Female;
- High Risk Mental Health-Male;
- High Risk Substance Abuse-Male;
- High Risk Sex Offender-Male;
- Maximum Risk-Male; and
- Maximum Risk Mental Health-Female.

Cost Category and Recidivism Reduction Charts

The Cost Category trend chart and the Recidivism Reduction trend chart are derived from the PAM. In previous years, PAM included 2 years of data to calculate cost effectiveness data. Beginning in FY 05-2006, only one year of data will be used.

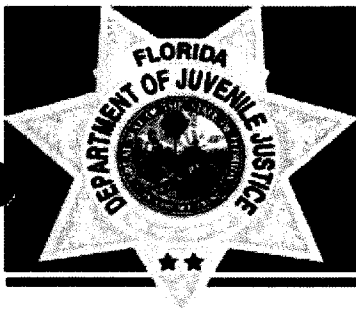
Report Card Summary Ranking for Residential Programs

| Score | Program | Provider |
|-------|---|--|
| 90 | Youth Environmental Services | Associated Marine Institutes |
| 88 | Desoto Maximum Risk | Department of Juvenile Justice |
| 88 | Falkenberg Academy | Department of Juvenile Justice |
| 88 | Union Juvenile Residential Facility | Three Springs, Inc |
| 87 | Camp E-Nini-Hassee | Eckerd Youth Alternatives, Inc. |
| 87 | Gulf Coast Youth Academy | Premier Behavioral Solutions |
| 86 | Greenville Hills - Madison Halfway House | Twin Oaks Juvenile Development |
| 86 | Greenville Hills - MERIT | Twin Oaks Juvenile Development |
| 86 | Pensacola Boys Base | Department of Juvenile Justice |
| 86 | Sago Palm - Mental Health Overlay Services | G4S Youth Services |
| 85 | DeSoto Juvenile Correctional Facility - Mental Health | Department of Juvenile Justice |
| 85 | Miami Halfway House | Bay Point Schools, Inc. |
| 85 | NAFI Serious Habitual Offender Program | North American Family Institute |
| 85 | Oaks Juvenile Residential Facility | Stewart Marchman Center |
| 84 | Broward Intensive Halfway House | Department of Juvenile Justice |
| 84 | Hastings Youth Academy - High | G4S Youth Services |
| 84 | Liberty Juvenile Residential Facility | Twin Oaks Juvenile Development |
| 84 | Milton Juvenile Residential Facility | Premier Behavioral Solutions |
| 83 | Avon Park Youth Academy | G4S Youth Services |
| 83 | DeSoto Dual Diagnosis Correctional Facility - Female | Department of Juvenile Justice |
| 83 | Manatee Youth Academy | Manatee County Sheriff's Office |
| 83 | STEP II - Female | Outward Bound, Inc. |
| 83 | Three Springs Sex Offender Program | Three Springs, Inc |
| 82 | Columbus Juvenile Residential Facility | Columbus Youth Services, LLC |
| 82 | Ft. Walton Adolescent Substance Abuse Program | Premier Behavioral Solutions |
| 82 | Hillsborough Intensive Residential Treatment | Sunshine Youth Services |
| 82 | Lighthouse Juvenile Residential Facility | Lighthouse Care Center |
| 82 | Riverside Academy | Riverside Youth Services, LLC |
| 82 | West Florida Wilderness Institute | Associated Marine Institutes |
| 82 | WINGS | Associated Marine Institutes |
| 82 | YMCA Character Halfway House | Sarasota Family YMCA |
| 81 | Camp E-Kel-Etu | Eckerd Youth Alternatives, Inc. |
| 81 | Greenville Hills - Bassin House | Twin Oaks Juvenile Development |
| 81 | Greenville Hills - Greenville Academy | Twin Oaks Juvenile Development |
| 81 | Greenville Hills - Jefferson Halfway House | Twin Oaks Juvenile Development |
| 81 | Greenville Hills - Taylor Halfway House | Twin Oaks Juvenile Development |
| 81 | NAFI Intensive Halfway House | North American Family Institute |
| 81 | Polk Halfway House | Polk Youth Services, LLC |
| 81 | Residential Alternatives for the Mentally Challenged | Twin Oaks Juvenile Development |
| 81 | Sago Palm - Trailblazers | G4S Youth Services |
| 80 | Britt Halfway House | Department of Juvenile Justice |
| 80 | Forestry Youth Academy | Florida Department of Agriculture Division of Forestry |
| 80 | Francis Walker Halfway House | Center for Drug Free Living, Inc. |
| 80 | Hastings Youth Academy - Moderate | G4S Youth Services |
| 80 | Jackson Juvenile Offender Correctional Center | Department of Juvenile Justice |
| 80 | Les Peters Halfway House | Department of Juvenile Justice |
| 80 | Okaloosa Youth Academy | Premier Behavioral Solutions |
| 80 | Pines Juvenile Residential Facility | Stewart Marchman Center |
| 79 | Big Cypress Wilderness Institute | Associated Marine Institutes |
| 79 | DeSoto Juvenile Residential Facility - Female | Department of Juvenile Justice |
| 79 | Eckerd Intensive Halfway House | Eckerd Youth Alternatives, Inc. |
| 79 | Joann Bridges Academy | Youth Services International, Inc |
| 79 | MATS - Halfway House | Premier Behavioral Solutions |
| 79 | Sago Palm - Sex Offender Program | G4S Youth Services |
| 79 | Santa Rosa Juvenile Residential Facility | Youth Services International, Inc |
| 79 | Space Coast Marine Institute | Associated Marine Institutes |

continued

Residential Report Cards

| Score | Program | Provider |
|-------|---|---|
| 78 | Juvenile Unit For Specialized Treatment | Twin Oaks Juvenile Development |
| 78 | Sago Palm - Youth Development Center | G4S Youth Services |
| 78 | White Foundation Family Homes - Female | Henry and Rilla White, Foundation, Inc. |
| 77 | ARC Halfway House | Center for Drug Free Living, Inc. |
| 77 | Bay Point Schools-West-Kennedy | Bay Point Schools, Inc. |
| 77 | Cypress Creek Juvenile Offender Correctional Center - High | G4S Youth Services |
| 77 | DeSoto Juvenile Residential Facility - Male | Department of Juvenile Justice |
| 77 | GOALS | Grove Counseling Center |
| 77 | Jackson Juvenile Offender Correctional Center - SOP | Department of Juvenile Justice |
| 76 | Bowling Green New Beginnings | Bowling Green Youth Academy, LLC |
| 76 | DeSoto Dual Diagnosis Correctional Facility - Male | Department of Juvenile Justice |
| 76 | Eckerd Academy | Eckerd Youth Alternatives, Inc. |
| 76 | First Step Girls Juvenile Residential Facility | First Step Adolescent Services, Inc. |
| 76 | Lake Academy | Gulf & Lake Youth Services, LLC |
| 76 | Sago Palm - Pathfinders | G4S Youth Services |
| 76 | Vision Quest - Low | Vision Quest National Limited |
| 75 | Dade Group Treatment Home | Miami River of Life |
| 75 | Okaloosa Halfway House | Youth Services International, Inc |
| 75 | Okaloosa Intensive Halfway House | Youth Services International, Inc |
| 75 | Okeechobee Juvenile Offender Correctional Center | G4S Youth Services |
| 75 | Okeechobee Juvenile Offender Correctional Center SOP | G4S Youth Services |
| 75 | South Pines - Low | Psychotherapeutic Services of FL, Inc. |
| 75 | South Pines - Moderate | Psychotherapeutic Services of FL, Inc. |
| 74 | Bay Point Schools-North | Bay Point Schools, Inc. |
| 74 | Eckerd Youth Challenge Program | Eckerd Youth Alternatives, Inc. |
| 73 | Camp E-Ma-Chamee | Eckerd Youth Alternatives, Inc. |
| 73 | Impact Halfway House | Gateway Community Services, Inc. |
| 73 | Mandala Adolescent Treatment Center | Harbor Behavioral Health Care |
| 73 | Polk Juvenile Correctional Facility | G4S Youth Services |
| 73 | Thompson Academy | Youth Services International, Inc |
| 72 | Dozier Sex Offender Program | Department of Juvenile Justice |
| 72 | Dozier Training School | Department of Juvenile Justice |
| 72 | Seminole Work and Learn Center | Youthtrack, Inc |
| 71 | Camp E-Tu-Makee | Eckerd Youth Alternatives, Inc. |
| 71 | Cypress Creek Juvenile Offender Correctional Center - Maximum | G4S Youth Services |
| 71 | First Step Adolescent Services Group Treatment Home | First Step Adolescent Services, Inc. |
| 71 | Tiger Short Term Offender Program | Corrections Services of Florida, LLC |
| 70 | Brevard Group Treatment Home | Center for Drug Free Living, Inc. |
| 70 | Duval Juvenile Residential Facility | Department of Juvenile Justice |
| 70 | MATS - Manatee Juvenile Residential Facility | Premier Behavioral Solutions |
| 70 | Price Halfway House | Department of Juvenile Justice |
| 69 | Florida Environmental Institute | Associated Marine Institutes |
| 69 | White Foundation Family Homes - Male | Henry and Rilla White, Foundation, Inc. |
| 69 | Wilson Youth Academy | Global Youth Services, Inc. |
| 68 | Bowling Green Juvenile Residential Facility | Bowling Green Youth Academy, LLC |
| 68 | Marion Youth Development Center | Correctional Services Corporation |
| 68 | Monticello New Life | North American Family Institute |
| 67 | Eckerd Youth Development Center | Eckerd Youth Alternatives, Inc. |
| 67 | HOPE | Keystone Education and Youth Services |
| 67 | Marion Juvenile Correctional Facility | Three Springs, Inc |
| 67 | Orange Intensive Halfway House | Department of Juvenile Justice |
| 67 | St Johns Correctional Facility | Three Springs, Inc |
| 66 | Escambia River Outward Bound | Outward Bound, Inc. |
| 66 | Grove Unique Youth Services (GUYS) | Grove Counseling Center |
| 66 | San Antonio Boys Village | San Antonio Boys Village Inc |
| 64 | Alachua Juvenile Residential Facility | First Step Adolescent Services, Inc. |
| 64 | Withlacoochee Juvenile Residential Facility | Three Springs, Inc |
| 62 | Kissimmee Juvenile Correctional Facility | Three Springs, Inc |
| 61 | Peace River Outward Bound | Outward Bound, Inc. |
| N/A | Nassau Juvenile Residential Facility | Henry and Rilla White, Foundation, Inc. |
| N/A | Palm Beach Juvenile Correctional Facility | Youth Services International, Inc |
| N/A | Red Road Academy | Vision Quest National Limited |



Youth Environmental Services

Moderate Risk-Male
Associated Marine Institutes

Program Description:

Hillsborough County

This is a 33 bed moderate-risk program for males operated by Associated Marine Institutes, Inc. The program is located in Wimauma, Florida. This wilderness-based program enhances rehabilitation efforts through environmental education, academic education, and a variety of vocational and life-skills training. The program is performance based, stresses academic achievement, appropriate behavior, a positive attitude and excellence in performance. The program serves male youth between the ages of 14 and 18. Youth with 3rd degree or higher felonies with prior commitments or a history of assault, first-degree misdemeanor with prior commitment and chronic problems or transfers from low risk commitment programs are appropriate for admission. Youth with arson charges, or suicide behaviors or youth on behavior modification psychotropic medication are not considered appropriate for this program. Youth with asthma and mature 14-year-old males are accepted on a case-by-case basis by the program director. The designed length of stay is six to nine months. Five beds are supplemented through Mental Health Overlay Services (MHOS).

Program Measures

Rating

PAM Score

86



Recidivism Reduction

Highly Effective

Program Cost Category

Moderate

Contract Compliance



Substantiated Incident Rate



Staff Incidents

0

None

Youth Incidents

0

None

Quality Assurance

87



Program Strengths:

- * Highly effective in reducing recidivism
- * Funding available for specialized services
- * No substantiated incidences
- * Effective safety and security
- * Effective management team
- * Effective training component
- * Exemplary case management process
- * Stable work force

Recommendations:

- * Incorporate more evidence-based treatment methods

Special Notes:

● Excellent ● Above Average ● Average ● Below Average ● Below Minimum Threshold | N/A

Overall Program Score

90





Youth Environmental Services

Moderate Risk-Male

| | Total Releases | Completion Rate | Escapes |
|--|----------------|-----------------|---------|
|--|----------------|-----------------|---------|

FY 05-06 Expenditures: \$1,201,168

| | | | |
|----------|----|------|---|
| FY 01-02 | 42 | 95% | |
| 02-03 | 50 | 92% | 1 |
| 03-04 | 56 | 91% | 1 |
| 04-05 | 44 | 98% | 0 |
| 05-06 | 44 | 100% | 0 |

State Expenditures

| | |
|----------------------------|--------------------|
| DJJ Contract Expenditures | \$1,127,621 |
| Other State Funding | \$0 |
| Total State Funding | \$1,127,621 |

Federal Expenditures

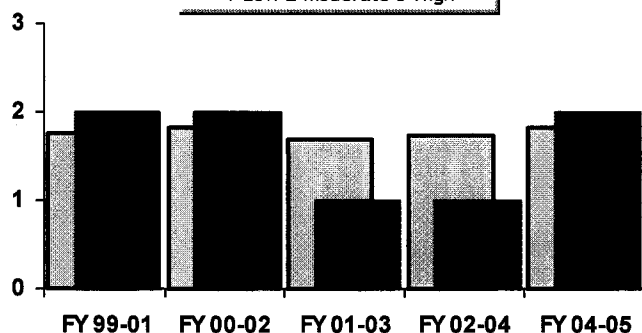
| | |
|------------------------------|-----------------|
| Medicaid/BHOS | \$0 |
| National School Lunch | \$45,812 |
| Other Federal Funding | \$27,735 |
| Total Federal Funding | \$73,547 |

Youth Environmental Services Scores

Average for Moderate Risk-Male

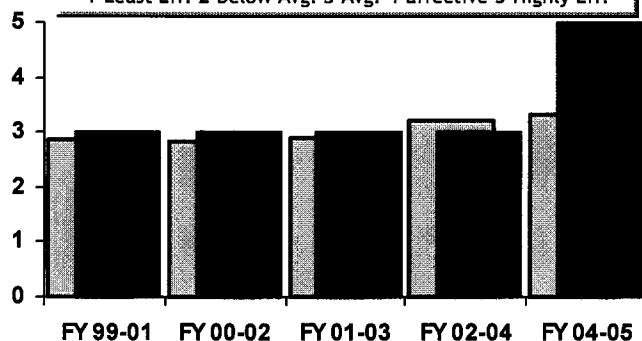
Cost Category (Year of Release)

1-Low 2-Moderate 3-High

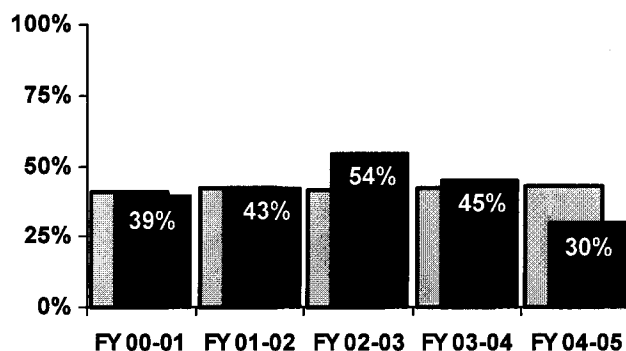


Recidivism Reduction (Year of Release)

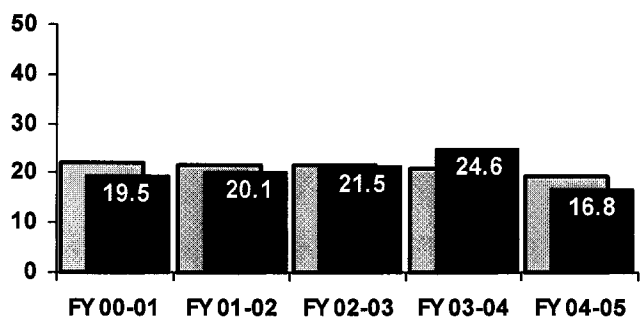
1-Least Eff. 2-Below Avg. 3-Avg. 4-Effective 5-Highly Eff.



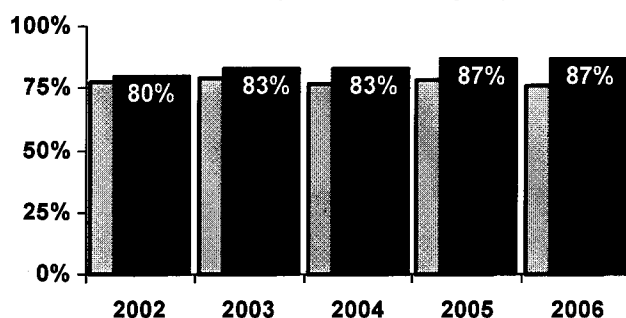
Recidivism (Year of Release)



Seriousness Index (Year of Release)



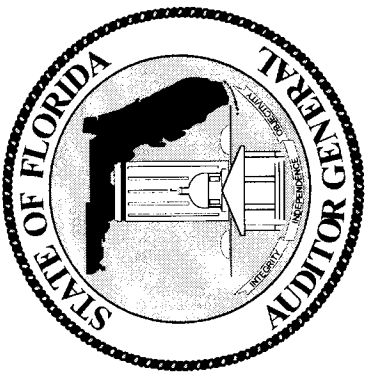
QA Score (Year of QA Report)



Average Length of Stay in
FY 2005-06 (Months)

8.9

Source: DJJ Offices of Budget, and Finance and Accounting



Department of Juvenile Justice Selected Administrative Functions

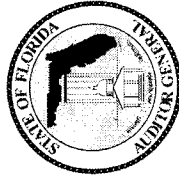
Operational Audit

**For the Period July 2003 through February 2005
and Selected DJJ actions taken through May 25, 2005**

**Report No. 2006-030
Released September 2005**

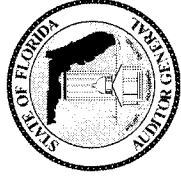
Capital Assets

- Finding No. 1 – Discrepancies existed in DJJ's estimates of the historical costs of buildings.
- Finding No. 2 – The accumulated depreciation for DJJ's buildings was understated in the accounting records by \$30 million.



Purchasing Cards

- Finding No. 3 - DJJ's internal controls over the Purchasing Card Program needed strengthening. Deficiencies were noted in the approval, cardholder agreement, spending limit, reconciliation and monitoring, and card cancellation processes.
- Finding No. 4 - For travel-related Purchasing Card charges, DJJ procedures were not adequate to ensure the timely preparation of travel vouchers or to detect when travel vouchers were not prepared.



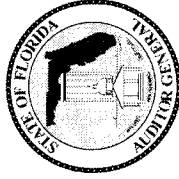
Other Administrative Functions

- Cost-of-Care Fees
Finding No. 5 – DJJ did not maintain accurate records or take appropriate actions to collect, report, and manage Cost-of-Care fees.
- Payroll
Finding No. 6 – DJJ did not maintain a comprehensive record of salary overpayments and collection attempts.



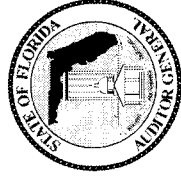
Other Administrative Functions

- Motor Vehicle Sales Revenues
Finding No. 7 – DJJ did not reconcile motor vehicle sales proceeds to what was received and recorded in DJJ accounting records.
- Information Technology Access
Finding No. 8 – DJJ did not timely remove FLAIR access for terminated employees.



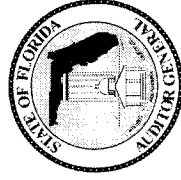
Other Administrative Functions

- Settlement Agreements
Finding No. 9 – DJJ did not maintain a complete listing of settlement agreements or have procedures to track and manage settlement agreements.
- Electronic Devices
Finding No. 10 – DJJ did not maintain a list of cellular telephones and handheld wireless devices and DJJ procedures did not include guidance for determining the need for these devices or for selecting the most economical and best-suited wireless calling plans.



DJJ-Reported Status

- Pursuant to Section 20.055(5)(g), Florida Statutes, on March 31, 2006, DJJ reported that all the findings except the capital assets accumulated depreciation finding and the Cost-of-Care fees finding had been fully corrected.
- We will verify the reported status of the findings during our current biennial operational audit field work at DJJ.



Questions?

Contact:

Dorothy R. Gilbert, CPA
Audit Manager
State Government Audits
State of Florida Auditor General
(850) 488-5444
dorothygilbert@aud.state.fl.us

Department of Juvenile Justice
Status of Management Corrective Actions
Auditor General's Selected Administrative Functions Audit Report No. 2006-030
Response as of March 5, 2007

| | |
|---|--|
| CAPITAL ASSETS | |
| <u>FINDING 1: Building Valuation</u> | |
| Although the building valuation methodology used by the Department to estimate the historical value of Department's buildings appears reasonable, we noted discrepancies in the application of the methodology. | |
| Auditor General Recommendations | |
| <p>I. We recommend that Department staff thoroughly review each factor used in the historical cost estimate for each building and, if discrepancies are noted, ensure that the appropriate amounts are recorded in FLAIR Property Subsystem.</p> <p>II. We further recommend that the Department ensure that the documentation used in the historical cost estimate for each building is appropriately retained.</p> <p>III. For all future building acquisitions, we recommend that the Department ensure that sufficient documentation evidencing the actual historical cost of the building is retained and that the cost is accurately and timely recorded in the Department accounting records.</p> | |
| Agency Response | |
| <p>i. We concur. The Bureau of General Services will review over the next twelve months all building records to ensure that all costs are correct and that all entries are recorded properly in the FLAIR Property Subsystem.</p> <p>ii. We Concur. The Bureau of General Services constructed folders organized by county then facility to appropriately document all building valuations and to retain this information on file as a supporting documentation. The Bureau dedicated a file cabinet for the sole purpose of maintaining these records and has completed the task based on this recommendation.</p> <p>iii. We Concur. The Bureau of General Services will ensure that sufficient documentation is retained on all future building acquisitions and that all the cost is timely reported in Department accounting records. A file will be constructed for all new programs within the Department or if a building is added to a program all associated documents will be added to the current file.</p> | |
| Status of Implementation (as of March 31, 2006) | |
| <p>i. Fully corrected. All building files have been reviewed and corrected. All corrections have been entered into the FLAIR system. We had staff review 5% of records for quality assurance.</p> <p>ii. Fully corrected. All files have been reviewed and accounted for. Personnel have been trained and a system is in place with appropriate documentation evidencing the actual historical cost of any acquired buildings. Office procedures are written and additional staff has received training on identifying and correcting the building files.</p> <p>iii. Annually the Department will review our building inventory and will ensure that appropriate information has been added to FLAIR. The next annual review of the Department's buildings is scheduled for September 2006.</p> | |
| Update as of 3/5/07 | |
| <p>The department has completed a random review of 5% of the files and found no errors. New files were created for several buildings that have been identified over the past year, which were mostly sheds. The total number of buildings we have to date are ,1226. There are written office procedures, which cover the creation and review of the valuation folders, and we have trained two staff on identifying and correcting building files. The annual review was completed in September 2006 and our next review is scheduled for September 2007.</p> | |

Department of Juvenile Justice
Status of Management Corrective Actions
Auditor General's Selected Administrative Functions Audit Report No. 2006-030
Response as of March 5, 2007

FINDING 2: Accumulated Depreciation

The accumulated depreciation recorded for buildings in Department's accounting records was understated by approximately \$30 million.

Auditor General Recommendation

To ensure that Department capital assets are properly reported, Department accounting staff should ensure that accumulated depreciation is appropriately adjusted for financial reporting purposes.

Agency Response

We Concur. The Bureau of General Services will review each property record for our buildings and make the appropriate adjustments to correct the accumulated depreciation amounts. We plan to have this item corrected in the next 90 days.

Status of Implementation (as of March 31, 2006)

Partially corrected. The Department is working with the Department of Financial Services (DFS). They have written a program to resolve a system problem within FLAIR that addresses accumulated depreciation on buildings that are transferred from an existing agency to a new agency. FLAIR is not correctly calculating accumulated depreciation for our buildings. DFS has reported that they are running trials in FLAIR to correct the depreciation amounts. A new report will be run on April 3, 2006 to determine if the issue is resolved. Once this issue is resolved, the Department will annually review new buildings that are added to our inventory to ensure their depreciation is accurate.

Update as of 3/5/07

This action is fully corrected. A depreciation report and trial balance were run on 4/28/06. The accumulated depreciation was balanced. The annual review was completed in September 2006 and our next review is scheduled for September 2007.

Department of Juvenile Justice
Status of Management Corrective Actions
Auditor General's Selected Administrative Functions Audit Report No. 2006-030
Response as of March 5, 2007

PURCHASING CARDS

FINDING 3: Purchasing Card Program

The Department's Purchasing Card Program was not operating as intended, resulting in limited assurance that Purchasing Card activity was appropriate, efficiently executed, and in compliance with established controls and governing laws, rules, and other guidelines. The extent and nature of the deficiencies noted could allow inappropriate transactions to occur and not be timely detected.

Auditor General Recommendation

To provide for adequate assurance that the dept.'s P-card program is operating as intended and that P-card program is appropriate, efficiently executed and in compliance with established controls and governing laws, rules, and other guidelines, we recommend that dept's management reevaluate and appropriately revise dept.'s procedures to strengthen controls in each of the areas noted above.

Agency Response

We concur. The department has already begun to reevaluate its' procedures. Also, with the implementation of Aspire in July 1, 2006, major changes in policies and procedures will be mandated.

Status of Implementation (as of March 31, 2006)

Fully corrected. The P-Card procedures were revised to incorporate justification and approval of cardholders' limitation exceeding a certain threshold by the Executive Management Team. Purchasing Card Policy FDJJ 1407.05 has been revised to require the cardholder's supervisor's signature on all purchasing card purchases for goods and services. All existing files have documentation of signed agreements and staff will conduct a random review at least semiannually to ensure documentation is on file.

The first review was conducted January 2006 for all cardholders. Finance and Accounting has implemented a procedure for P-Card transaction reconciliation to show evidence of the completion of each step of the process. A semi-annual review of records will be conducted to ensure the procedure is being followed. The next review is scheduled for April 2006.

Update 3/5/07

The Pcard Policy was updated in November 2005. This policy added a Cardholder Limits Exception Request form that must be approved by the Deputy Secretary for limits over \$1,000. We currently have 941 cardholders: 467 at the \$1,000 limit (single, daily, monthly), 112 between \$1,000 single and up to \$50,000 monthly, and 362 in excess of \$1,000 single, daily and monthly. Of the 362, 156 have monthly limits less than \$15,000 and 153 have limits of \$15,000 and 53 cardholders with monthly limits of \$50,000. The policy was also updated to require that each cardholder's supervisor sign off on all Pcard receipts, with the exception of travel receipts that are approved by the supervisor upon submission of a travel voucher.

Finance and Accounting staff perform random reviews of cardholder records (including purchasing and travel) on a daily basis. Verification that Pcard transaction monitoring is being completed is documented monthly and verified by the Pcard Administrator and is sent to the Director of Administration. The review of the reconciliation process conducted in April 2006 and October 2006 showed that reconciliation is being done.

Department of Juvenile Justice
Status of Management Corrective Actions
Auditor General's Selected Administrative Functions Audit Report No. 2006-030
Response as of March 5, 2007

FINDING 4: Purchasing Card Travel Charges

Department's travelers did not always submit travel vouchers for purchasing Card travel-related charges, contrary to established Department procedures.

Auditor General Recommendation

- I. We recommend that Department management reinforce to all travelers the conditions for utilizing the purchasing card for travel and the five-day filing requirement for travel vouchers.
- II. We recommend that the Department's travel section strengthen controls related to the monitoring process and not only compare the submitted travel vouchers to the monthly Purchasing Card transactions, but also identify all travel-related Purchasing Card transactions for which a travel voucher has not been submitted.

Agency Response

- i. We Concur. The Bureau of Finance and Accounting Staff conducts supervisory travel training quarterly. Additional emphasis will be placed on conditions in which the Purchasing Card may be used for travel expenses and the required timeframes for submitting requests for travel reimbursements. Additionally, purchasing card applicants are required to attend travel training and pass a test before they are issued a card. The training and the test cover both the conditions and the requirements, which will receive additional emphasis.
- ii. We Concur. Travel section has been instructed to identify all travel-related Purchasing Card transactions for which a travel voucher has been submitted. This will become a permanent part of the responsibilities of the travel section and reports will be maintained to ensure compliance.

Status of Implementation (as of March 31, 2006)

- i. Fully Corrected. The Travel Unit is now monitoring all P-Card purchases pertaining to travel. Vouchers not submitted will be obtained and audited. A monthly report has been developed that will calculate non-compliance with the 5-day filing requirement. This report will be sent out to managers for corrective action if appropriate or the cardholder's privileges may be taken away. The first report was sent in March 2006.
- ii. Fully Corrected. We have implemented this corrective action as of June 1, 2005 and it is a permanent duty of the Travel Unit. Completed, audited reports are being maintained. This practice is in accordance with the Purchasing Card Manual Program Procedures. As each month's travel monitoring is completed, an email is sent notifying the Chief of Finance and Accounting and the Purchasing Card Administrator of the current status. We have completed reconciliations through the month of December 2005. The reconciliation for January 2006 was completed by February 28, 2006.

Update 3/5/07

Travel purchasing card purchases are reconciled 100% each month. The last completed reconciliation was for travel occurring in November 2006; and consisted of 1200 transactions. We are currently working on the December 2006 reconciliation. The last non-compliance report for late travel voucher submission was routed for EMT review in February 2007. Non-compliance averages about 10 transactions per month. Complete travel audited reports are maintained on file.

Department of Juvenile Justice
Status of Management Corrective Actions
Auditor General's Selected Administrative Functions Audit Report No. 2006-030
Response as of March 5, 2007

| |
|--|
| OTHER ADMINISTRATIVE FUNCTIONS |
| <u>FINDING 5: Cost-of-Care Fees</u> |
| The Department did not maintain accurate records or take appropriate actions related to billing, collecting, and reporting and managing cost-of care fees. |
| Auditor General Recommendations <ul style="list-style-type: none">I. We recommend that the Department management continue efforts to implement procedures for billing, collecting, and accurately recording cost-of-care feesII. The Department should ensure that ARMS data is accurate and useful for control and management decision-making purposes. |
| Agency Response <ul style="list-style-type: none">i. We Concur. Department Management has a committee in place for several years to ensure that the cost-of-care (COC) accounts are properly established, billed, collected and accurately recorded. Much progress has been made. The COC Committee continues to meet on a monthly basis to address issues as the need arise, to implement changes as necessary, and to improve the system. The committee will continue its efforts to ensure the completion of a successful system.ii. We Concur. The Department has created a Project Status Tracking Report, which contains all items that are deemed necessary to complete the COC system. The project is monitored and updated as items are completed. Once all items are completed, ARMS data will be accurate and can be relied upon for decision-making purposes. MIS is restructuring the database to ensure that reporting and tracking mechanisms are in place. |
| Status of Implementation (as of March 31, 2006) <ul style="list-style-type: none">i. Partially corrected. Members of the committee are currently working with DFS and the Bank of America to establish the Remote Payments online and Interactive Voice Response systems. These systems will allow customers an opportunity to pay their fees by a debit or credit card in addition to the traditional paper bank check. This committee will continue to meet to address outstanding issues in the areas of collection, billing, training, reporting and implementing policies and procedures.ii. Partially corrected. Progress has been made through many modifications to the system such as calculating billing on a day-to-day basis; managing duplicate accounts that allow staff to identify "Billed to Person"; implementing Address Verification Software to address a large number of returned mail. In addition, efforts are being made to improve the aged reporting mechanism that will allow supervisors to isolate certain types of accounts for tracking, follow-up and decision making purposes. The Cost of Care Unit is refining the automated business rules for referring accounts to a collection agency. |

Department of Juvenile Justice
Status of Management Corrective Actions
Auditor General's Selected Administrative Functions Audit Report No. 2006-030
Response as of March 5, 2007

Update 3/5/07

- i. Partially corrected. Since 2004, the Director of Administrative Services heads the Cost of Care Steering Committee, which meets regularly on the 3rd Wednesday of each month. The last meeting was held February 28, 2007. The committee is currently working on addressing 70 enhancements identified by group members to improve the billing system. The duplicate accounts identified during this audit were corrected. We are currently working on approximately 6,629 accounts identified as potential duplicates since the audit. Since October 2006, 1,935 accounts have been updated and corrected.
- ii. Partially corrected. Business rules were refined to automate the sending of aged accounts to a collection agency. In June of 2006, 54,538 aged accounts totaling \$38,294,638.29 were transmitted to the state collection agency vendor. Aged accounts totaling less than \$25 have been identified and were written off in February 2006. In addition, 12 accounts were sent to the Department of Financial Services for write off authority. The Cost of Care desk procedure COC-010 is being used to guide the write off process.

Department of Juvenile Justice
Status of Management Corrective Actions
Auditor General's Selected Administrative Functions Audit Report No. 2006-030
Response as of March 5, 2007

FINDING 6: Salary Overpayments

The Department did not maintain a reliable comprehensive listing of the amounts and status of collection attempts for salary overpayments.

Auditor General Recommendation

To assist in the collection of salary overpayments and to aid the Department management in their oversight role, we recommend that the Department develop a reliable and comprehensive listing of salary overpayments that includes the status of collection attempts.

Agency Response

We do have a spreadsheet that tracks all overpayments and collection efforts according to Department of Financial Services procedures. In the past year, since HR outsourcing, the lack of staff has not allowed us to monitor and update it as needed however, within the last month we hired an OPS employee whose primary duty is addressing the overpayment situation and updating the logs as necessary. Ongoing training is being conducted with all supervisors to ensure Personnel Action Requests for employee separations are submitted timely to avoid overpayments.

Status of Implementation (as of March 31, 2006)

Fully Corrected. We have implemented a procedure to track all salary overpayments. This internal monitoring system is designed to compare terminations received in the pay period to the pay record generated by People First and cancel any warrant not due to an employee. Also, the Bureau of Personnel has instituted reporting bi-weekly, all overpayments to management for appropriate review and action. On a quarterly basis, an Employee Report will be sent to Personnel Liaisons to verify employees who are currently employed and actively reporting for work in addition to verifying those employees on Worker's Comp or Sick Leave. The first report will be sent in April 2006, which will begin the quarterly cycle.

We have established a database detailing all overpayments and the status of each record. We record the steps that have been taken per procedures from the Division of Financial Services. As we receive payments, they are entered into the database and processed accordingly.

Update as of 3/5/07

The Worker's Compensation report is sent out bi-weekly to the Executive Management Team. The Leave Without Pay report is run bi-weekly. Due to Data Warehouse problems with the People First system, the quarterly report was sent in November 2006. For calendar year 2006, \$62,111.51 was paid in salary overpayments, which was down from \$308,492 in calendar year 2005. Thus far in calendar year 2007 there is one salary overpayment for \$262.00. As of 2/8/07, there are 39 employees on sick leave, which includes 19 who are on Worker's Compensation.

Department of Juvenile Justice
Status of Management Corrective Actions
Auditor General's Selected Administrative Functions Audit Report No. 2006-030
Response as of March 5, 2007

FINDING 7: Reconciliation of Surplus Motor Vehicle Proceeds

The Department did not reconcile reports of motor vehicle sales proceeds to what was received and recorded in Department accounting records.

Auditor General Recommendation

To ensure that the proper amounts of surplus motor vehicle sales proceeds are received and appropriately recorded, we recommend that the Department timely perform reconciliations comparing the records of surplus motor vehicle sales proceeds to receipts and Department accounting records.

Agency Response

We Concur. The Bureau of General Services will revise policy FDJJ-1306, vehicle operations, to properly outline the reconciliation process for the sale of the Department's surplus motor vehicles. We plan to have this policy updated in the next twelve months.

Status of Implementation (as of March 31, 2006)

Fully Corrected. The policy has been revised to include the reconciliation process for the sale of surplus vehicles. Support Services has reconciled the available figures from the DMS supplied Auction Summary documents from the past eight fiscal years with the Bureau of Budget. Records are reviewed monthly to ensure the policy is being adhered to.

Update as of 3/5/07

FDJJ 1306 Vehicle Operations Policy was revised on November 2, 2005. A monthly reconciliation is completed between the Department of Management Services and the department on all auction proceeds. We are current on our reconciliation. Since 2003, the department has surplused 119 vehicles.

Department of Juvenile Justice
Status of Management Corrective Actions
Auditor General's Selected Administrative Functions Audit Report No. 2006-030
Response as of March 5, 2007

FINDING 8: FLAIR Access Control

The Department did not timely remove Florida Accounting Information Resource Subsystem (FLAIR) access for terminated employees.

Auditor General Recommendation

To provide additional assurances regarding integrity and security of Department accounting records, we recommend that the Department immediately remove an employee's FLAIR access upon termination. In addition, Bureau of Finance and Accounting personnel should periodically obtain and review information related to Department employees' FLAIR access needs.

Agency Response

We Concur. With the transactions from SCOPES to People First, the Department was unable to obtain reports from the system that were necessary to identify terminations. The reporting problem has been corrected and we can now receive the report we need. The bureau of Finance will periodically review information to determine employees FLAIR access needs.

Status of Implementation (as of March 31, 2006)

Fully Corrected. The Department has developed an internal Employee Separation Notification System that will notify each applicable unit of an employee's intent to separate from the department. The employee's manager is required to access the system and indicate when an employee is no longer employed with the Department. The system automatically generates an e-mail to the following sections, Purchasing, Finance and Accounting, Personnel and MIS.

Quarterly, the Bureau of Finance and Accounting will send the list of FLAIR Access Users and their system capabilities to the department managers for review and update as applicable. Our first report was distributed November 2005 and another one was distributed January 2006. In addition, the People First Termination Report will be reviewed monthly and any terminated employees with FLAIR access will be deleted from the system within 48 hours.

Update as of 3/5/07

The On-line Employee Separation Notification System has been in place since January 13, 2006. Notifications received are reviewed by the Bureau of Personnel and action taken if necessary within one working day of notification. New hires/termination reports received from the Personnel monthly report are reviewed within 3 working days by Finance and Accounting staff to ensure access is deleted as appropriate. The last report received from Personnel was sent on March 1, 2007, has been reviewed and actions taken. The report contained one employee whose access had not been deleted due to a Separation Notification not being received. In addition, a listing of FLAIR (DACA) Access Control is sent to all managers and supervisors for their review and validation. Updates are made within one working day of receipt of change request. The last quarterly list was sent February 28, 2007.

Department of Juvenile Justice
Status of Management Corrective Actions
Auditor General's Selected Administrative Functions Audit Report No. 2006-030
Response as of March 5, 2007

FINDING 9: Settlement Agreements

The Department did not maintain a complete and accurate list of settlement agreements and has not formalized uniform procedures to track and manage settlement agreements.

Auditor General Recommendation

The Department management should seek to minimize the use of settlement agreements through proper planning and establishment of controls to ensure compliance with State purchasing law. However, for those instances in which settlement agreements are necessary, we recommend that Department management formalize and implement policies and procedures to ensure that settlement agreements are established in accordance with State law and are properly managed and controlled. In addition, any settlement agreement tracking system utilized by the Department should include, at a minimum, the agreement number, effective dates, and purpose, dates of approval by appropriate Department management; and the amount of payments made to date.

Agency Response

We Concur. The Bureau of Finance and Accounting has been designated as the unit responsible for tracking all settlement agreements. The bureau has developed a mechanism to track and ensure that settlement agreements are established in accordance with State law.

Status of Implementation (as of March 31, 2006)

Fully Corrected. The Bureau of Finance and Accounting in conjunction with the Bureau of Contracts developed a formal policy, FDJJ 1410, and guidelines for settlement agreements. We have developed a mechanism to track settlement agreements and will provide semi-annual training for identifying deficiencies in the use of proper procurement methods for Department managers to help reduce the number of settlement agreements.

Update as of 3/5/07

Settlement Agreement policy (FDJJ 1410) was developed and modified in November 2005. An excel spreadsheet is maintained to track settlements done within a fiscal year. Last fiscal year DJJ filed a total of 20 settlements with the Department of Financial Services. In December 2006 the agency had a reported 19 settlement agreements filed thus far this fiscal year.

Administrative training is conducted semiannually to ensure employees are made aware of proper purchasing methods. A training event was conducted in May and November 2006. The next training event is planned for June 2007.

Department of Juvenile Justice
Status of Management Corrective Actions
Auditor General's Selected Administrative Functions Audit Report No. 2006-030
Response as of March 5, 2007

FINDING 10: Cellular Telephones

The Department did not maintain a listing of cellular telephones and handheld wireless devices. In addition, Department procedures did not include guidance for determining the need for a cellular telephone or handheld wireless device or for selecting the most economical calling plan that is best suited to Department needs.

Auditor General Recommendations

- I. To effectively safeguard Department equipment, as well as data stored in and transmitted by wireless handheld devices, we recommend that the Department maintain a listing of cellular telephones and handheld devices that identify the employee to whom the equipment is assigned.
- II. To ensure cost effectiveness, we recommend that the Department establish guidelines for the assignment of cellular telephones and handheld devices and the selection of calling plans.
- III. We also recommend that the Department ensure that cellular telephone billings are effectively reviewed for appropriateness of the charges and that any personal calls are appropriately reimbursed.

Agency Response

- i. We Concur. The Department will develop and maintain a listing of cellular telephones and wireless handheld devices. This listing will be developed and maintained by the support services section, Bureau of General Services. We plan to have this list completed within the next three months.
- ii. We Concur. The Bureau of General Services will revise FDJJ-1309, Telecommunications, to include guidelines for the assignment of cellular telephones and wireless handheld devices and the selection of calling plans. We plan to have this policy updated in the next twelve months.
- iii. We Concur. The procedure for ensuring that cellular telephones bills are properly reviewed and that personal calls are reimbursed will be addressed in the updated Telecommunications policy. We plan to have this policy updated in the next twelve months.

Status of Implementation (as of March 31, 2006)

- i. Fully Corrected. Support Services has created a departmental cellular database and will be maintained with the assistance of field staff. This database will be fully reviewed and corrections made on a semi-annual basis and additions/deletions made with each new hire and separation within five working days of hire/separation. Telecommunications will receive training annually.
- ii. Fully Corrected. Telecommunications Policy FDJJ-1309 has been updated to include guidelines for the assigning of cellular phones and wireless handheld devices and the selection of calling plans. We will conduct quarterly audits of 5% of DJJ accounts. The first audit was done in February 2006.
- iii. Fully Corrected. The procedure to ensure that cellular telephone bills are properly reviewed and reimbursed has been updated in the FDJJ-1309, Telecommunications Policy. The Regional Telecommunication Liaison and the Headquarters Telecommunications Consultant are required to perform quarterly audits of personal and cellular/wireless telephone usage and reimbursement to the Department on 5% of all cellular/wireless accounts. The next audit is scheduled for May 2006.

Update as on 3/5/07 is on the next page

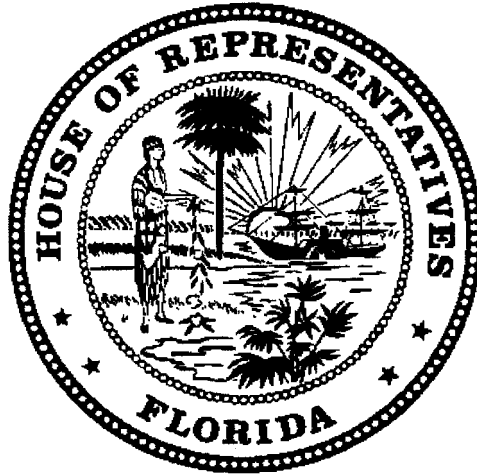
Department of Juvenile Justice
Status of Management Corrective Actions
Auditor General's Selected Administrative Functions Audit Report No. 2006-030
Response as of March 5, 2007

Update as of 3/5/07

The original database was created during January and February 2006 with assistance from field staff. The new Nextel and Nextel Partners now act as the major portion of the master database because they list all phones, user names and other pertinent information. A small list is also maintained of the non-Nextel accounts. The database is reviewed semi-annually. A review was conducted in August of 2006 in preparation for the Nextel and Nextel Partners accounts merger. The telecommunications coordinators and liaisons statewide were able to gather the appropriate information for Nextel so this action served as an annual review. At that time, we reviewed and updated employee names, locations, org codes, calling plans and minute sharing information and the process for consolidating all accounts began at this time. Updating the database for new hires and separations is done at the local level by the contact person named on each individual account or sub-account (DAC) and this action is noted in the monthly invoices received by each account/DAC holder and reflected in the quarterly review.

The updated Telecommunications policy FDJJ-1309 became effective in November 2005 and the policy states that audits are to be completed in February, May, August and November of each year. Support Services will request a copy of all audits performed by the telecommunications liaisons statewide to ensure compliance with this policy.

The total number of phones statewide is 2362. The Nextel Master Account has 1819 phones. Nextel Partners Master Account has 495 phones and the Non-Nextel Accounts are 48 phones. The Cingular phones in Perry and Trenton are non-Nextel because there is no Nextel coverage in that area. The Verizon phones in Tallahassee (Support Services) are non-Nextel because they are emergency telephones associated with the Continuity of Operations Plan to be used in the event of a Nextel failure during an emergency. The Verizon phones in Orlando are non-Nextel and we are reviewing the fiscal impact of switching service to Nextel..



House Committee on Juvenile Justice Meeting

**116 Knott Building
9:00 a.m.-11:00 a.m.
March 7, 2007**

ADDENDUM A



AUDITOR GENERAL

WILLIAM O. MONROE, CPA



DEPARTMENT OF JUVENILE JUSTICE

SELECTED ADMINISTRATIVE FUNCTIONS

Operational Audit

SUMMARY

As summarized below, our audit of the Department of Juvenile Justice for the period July 1, 2003, through February 28, 2005, and selected Department actions taken through May 25, 2005, disclosed numerous deficiencies related to some administrative functions at the Department. The findings are indicative that the processes and controls established by Department management were not sufficient to minimize the risks associated with these functions.

CAPITAL ASSETS

Finding No. 1: Although the building valuation methodology used by the Department to estimate the historical value of Department buildings appears reasonable, we noted discrepancies in the application of the methodology.

Finding No. 2: The accumulated depreciation recorded for buildings in Department accounting records was understated by approximately \$30 million.

PURCHASING CARDS

Finding No. 3: The Department's Purchasing Card Program was not operating as intended, resulting in limited assurance that Purchasing Card activity was appropriate, efficiently executed, and in compliance with established controls and governing laws, rules, and other guidelines. The extent and nature of the deficiencies noted could allow inappropriate transactions to occur and not be timely detected.

Finding No. 4: Department travelers did not always submit travel vouchers for Purchasing Card travel-related charges, contrary to established Department procedures.

OTHER ADMINISTRATIVE FUNCTIONS

Finding No. 5: The Department did not maintain accurate records or take appropriate actions related to billing, collecting, reporting, and managing cost-of-care fees.

Finding No. 6: The Department did not maintain a reliable comprehensive listing of the amounts and status of collection attempts for salary overpayments.

Finding No. 7: The Department did not reconcile reports of motor vehicle sales proceeds to what was received and recorded in Department accounting records.

Finding No. 8: The Department did not timely remove Florida Accounting Information Resource Subsystem (FLAIR) access for terminated employees.

Finding No. 9: The Department did not maintain a complete and accurate list of settlement agreements and has not formalized uniform procedures to track and manage settlement agreements.

Finding No. 10: The Department did not maintain a listing of cellular telephones and handheld wireless devices. In addition, Department procedures did not include guidance for determining the need for a cellular telephone or handheld wireless device or for selecting the most economical calling plan that is best suited to Department needs.

BACKGROUND

The Department is responsible for planning, coordinating, and managing the delivery of all programs and services within the juvenile justice continuum.¹ To deliver these programs and services, the Department is organized into five core functions or program areas: Prevention and Victim Services, Probation and Community Corrections, Intake and Detention, Residential and Correctional Facilities, and Administration.² Each of the five program areas is headed by an Assistant Secretary or Director. The program areas are divided into three regions (North, Central, and South) and, with the exception of Administration, are further divided into circuit offices.

While functions performed by the Prevention and Victim Services, Probation and Community Corrections, Intake and Detention, and Residential and Correctional Facilities program areas are somewhat autonomous, the Office of Administrative Services is responsible for performing a variety of functions and performing a wide array of services for all Department staff and agencies doing business with the Department. These functions and services include: budget, finance and accounting, general services, information systems, purchasing, and personnel.

FINDINGS AND RECOMMENDATIONS

As described in the BACKGROUND, the Department's organization is decentralized. Inherent to any decentralized organization are communication and oversight challenges. The establishment and effective dissemination of policies and procedures, proper training, and monitoring are key to ensuring that employees have the necessary skills and resources to achieve organizational success in compliance with

¹ Section 20.316(1), Florida Statutes, defines the term "juvenile justice continuum" as all children-in-need-of-services programs; families-in-need-of-services programs; other prevention, early intervention, and diversion programs; detention centers and related programs and facilities; community-based residential commitment and nonresidential programs; and delinquency institutions provided or funded by the Department.

² Section 20.316(2), Florida Statutes.

established controls and governing laws, rules, and other guidelines. In this report, we describe numerous deficiencies related to some administrative functions at the Department. The findings are indicative that Department management had not established the necessary processes or implemented essential internal controls to minimize the risks associated with the operation of these functions.

Capital Assets

In accordance with generally accepted accounting principles, the *State of Florida Statewide Financial Statements Capital Asset Policy* requires that capital assets be reported at historical cost (or estimated historical cost) less accumulated depreciation. To support the amounts reported for capital assets, records evidencing complete and accurate information relating to the historical cost or other acceptable valuation methods should be obtained and retained.

We previously reported, most recently in audit report No. 2005-158, Finding No. FS 04-02, that buildings and building improvements and the related accumulated depreciation reported by the Department in the financial records were not adequately supported by complete, accurate, and verifiable information. As of May 25, 2005, Florida Accounting Information Resource Subsystem (FLAIR) Property Subsystem records reflected a total value of approximately \$300 million for buildings (General Ledger Code 272) and approximately \$66 million for the life-to-date accumulated depreciation for those buildings.

Finding No. 1: Building Valuations

During the audit period, Department staff performed a substantial amount of work to correct deficiencies in Department capital asset records. Many of the deficiencies had existed since 1994 when hundreds of buildings were transferred to the newly created Department. The actions taken by the Department to correct the records included: accumulating and organizing pertinent building documentation, using the information accumulated in the application of a building valuation methodology to estimate the

historical cost of approximately 800 Department buildings, and recording the estimated amounts in the FLAIR Property Subsystem. (The historical costs of the buildings were estimated using a building valuation methodology because of the lack of actual cost documentation.)

The building valuation methodology used by the Department appears reasonable and incorporates many factors including, but not limited to: square footage, building type and complexity, year of construction, inflation (based on the Consumer Price Index), and construction management and architectural and engineering fees. We noted discrepancies, however, in the application of the building valuation methodology. Specifically, we applied the methodology to information related to 100 of the buildings and compared the resulting historical cost estimates to those calculated by the Department and determined the following:

- The square footage used in the Department's historical cost estimate did not agree with the supporting documentation for 6 of the 100 building values we reviewed. The differences in the square footage for these 6 buildings resulted in historical cost estimate differences totaling \$211,841 (2 buildings overvalued by \$354,231 and 4 buildings undervalued by \$142,390).
- To determine the median cost per square foot of each building, Department staff applied a construction cost multiplier that was determined based on the building size and type. Department staff applied an incorrect cost multiplier for 5 of the 100 buildings we reviewed, resulting in historical cost estimate differences totaling \$1,039,112 (3 buildings overvalued by \$1,181,301 and 2 buildings undervalued by \$142,189). In response to audit inquiry regarding the use of the incorrect cost multiplier, Department staff indicated that "Despite the checks employed in the process, five incorrect entries is excessive. I will personally check...for all facilities using the cost multiplier approach to adjust unit cost." Subsequent to this audit inquiry response, Department staff provided evidence of verification of the cost multiplier and identified 5 additional instances (for buildings not included in our review) in which an incorrect multiplier was used. The differences in the historical cost

estimates in these 5 instances resulted in buildings being overvalued by a total of \$15,740.

- Department staff applied the incorrect Consumer Price Index (CPI) factor for 7 of the 100 buildings we reviewed. As the recorded construction year for all 7 of these buildings was 1998, we reviewed the CPI factor applied for all buildings with a construction year of 1998 and noted that an incorrect factor was applied to a total of 47 Department buildings. As a result, the historical cost estimates for these 47 buildings were undervalued by a total of \$335,902.
- Based on supporting documentation, the Department used the incorrect year of construction for the cost estimates of 3 of the 100 buildings we reviewed. The construction year not only affects the historical cost estimate (the CPI factor is determined based on the construction year) but also affects the amount of accumulated depreciation that should be recorded against a particular building. As a result of recording the incorrect construction year, the difference in the historical cost estimates for these 3 buildings totaled \$79,181 (2 buildings overvalued by \$346,892 and 1 building undervalued by \$426,073). (Finding No. 2 discusses errors in the accumulated depreciation of Department buildings.)

The differences described above total approximately 1 percent of the values recorded in Department accounting records. While the Department appears to have substantially corrected the material deficiencies in the recording of buildings in Department accounting records, the discrepancies noted above illustrate the need for a more thorough review of the information supporting the historical building cost estimates.

Recommendation: We recommend that Department staff thoroughly review each factor used in the historical cost estimate for each building and, if discrepancies are noted, ensure that the appropriate amounts are recorded in the FLAIR Property Subsystem. We further recommend that the Department ensure that the documentation used in the historical cost estimate for each building is appropriately retained. For all future building acquisitions, we recommend that the Department ensure that sufficient documentation evidencing the actual historical cost of the building is retained and that the cost is accurately and timely recorded in Department accounting records.

Finding No. 2: Accumulated Depreciation

In accordance with generally accepted accounting principles, the *State of Florida Statewide Financial Statements Capital Asset Policy* requires that a capital asset be depreciated over the estimated useful life of the asset unless it is: inexhaustible (e.g., land, historical treasure, etc.), an infrastructure asset, or construction work in progress. The FLAIR Property Subsystem employs a straight-line method to calculate depreciation for each capital asset recorded in the Subsystem. State agencies using the FLAIR Property Subsystem are responsible for estimating the useful life of each asset and properly recording the corresponding property class code as well as other asset information (e.g., acquisition cost and receiving date). In addition, State agencies are responsible for scheduling the depreciation calculation at year-end prior to closing.

As discussed in Finding No. 1, due to the lack of actual cost documentation, the Department estimated, using a building valuation methodology, the historical cost for approximately 800 buildings. Subsequent to recording the estimated cost amounts in the FLAIR Property Subsystem in March and April 2005, Department staff requested that depreciation be calculated. However, although the Department updated the cost amounts in FLAIR, the accumulated depreciation was not properly adjusted. The following table shows some examples of incorrectly recorded accumulated depreciation amounts for specific buildings:

| As of May 2005 | | | | | | | |
|----------------|----------------|------------------|--------------------------------------|-------------------------------------|--|---|--|
| Building | Square Footage | Year Constructed | Department Estimated Historical Cost | Years of Useful Life ⁽¹⁾ | Percentage of Useful Life Remaining ⁽²⁾ | FLAIR Life-To-Date Accumulated Depreciation | Percentage of Estimated Historical Cost Depreciated ⁽²⁾ |
| 1 | 14,180 | 1914 | \$ 32,264 | 35 | 0.0% | \$ 9,163 | 28.4% |
| 2 | 28,730 | 1941 | 93,071 | 35 | 0.0% | 19,957 | 21.4% |
| 3 | 12,203 | 1955 | 181,024 | 35 | 0.0% | 62,357 | 34.4% |
| 4 | 61,474 | 1960 | 1,399,197 | 35 | 0.0% | 315,259 | 22.5% |
| 5 | 107,098 | 1976 | 5,330,717 | 35 | 17.1% | 3,059,801 | 57.4% |
| 6 | 5,577 | 1976 | 341,901 | 40 | 27.5% | 116,879 | 34.2% |
| 7 | 1,152 | 1983 | 44,511 | 20 | 0.0% | 21,428 | 48.1% |
| 8 | 26,299 | 1995 | 1,673,985 | 35 | 71.4% | 119,854 | 7.2% |
| 9 | 28,623 | 1998 | 3,943,576 | 40 | 82.50% | 268,656 | 6.8% |
| 10 | 24,923 | 2001 | 4,565,869 | 40 | 90.00% | 774,058 | 17.0% |

Source: FLAIR Property Subsystem records.

Notes:

- ⁽¹⁾ The Department estimated the years of useful life and recorded the corresponding property class code in the FLAIR Property Subsystem.
- ⁽²⁾ There should be an inverse relationship between the percentage of estimated historical cost depreciated and the percentage of useful life remaining. For example, if the percentage of useful life remaining is 0%, the percentage of estimated historical cost depreciated should be 100%. (The Department does not record a salvage value for its buildings.)

As of May 25, 2005, Department accounting records reflect a total life-to-date accumulated depreciation for buildings of approximately \$66 million. As of that date, it appears that, in total, the life-to-date accumulated depreciation for buildings is understated in Department accounting records by approximately \$30 million (31 percent).

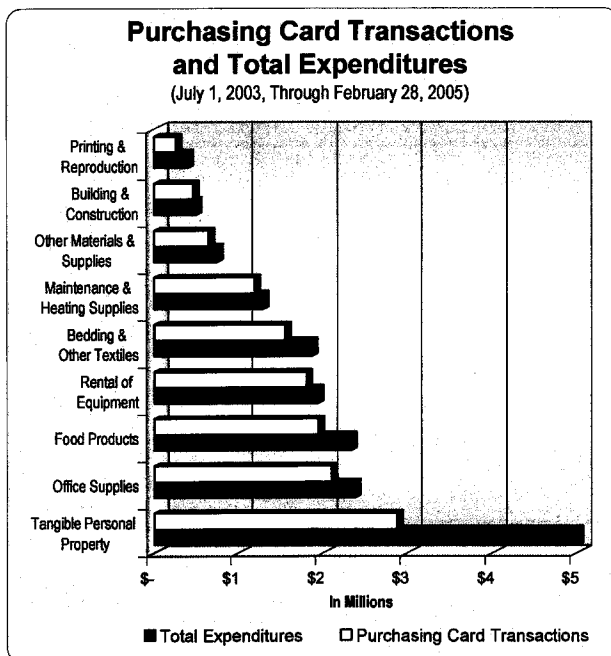
Recommendation: To ensure that Department capital assets are properly reported, Department accounting staff should ensure that accumulated depreciation is appropriately adjusted for financial reporting purposes.

Purchasing Cards

To provide the opportunity for State agencies to streamline processes, improve management reporting, and reduce the cost of making small-dollar purchases (defined as purchases under \$1,000), the Department of Financial Services (DFS) and the Department of Management Services (DMS), working together with the Bank of America, created the State's Purchasing Card Program. The approval and payment of Purchasing Card transactions are accomplished through an automated on-line approval and payment system within FLAIR. Guidelines for State agency Purchasing Card Programs are provided in the DFS *State Purchasing Card Guidelines*. According to those *Guidelines*, although the Purchasing Card provides a tool for making small dollar purchases, existing State laws governing purchasing, accounts payable, records

retention, and other applicable laws must be followed. (See Exhibit A for a summary of the *State Purchasing Card Guidelines* and associated Department *Purchasing Card Program Procedures*.)

During the audit period, Department Purchasing Card transactions totaled \$29 million and the Department had assigned 920 Purchasing Cards to Department employees. The following graph depicts the amount of Purchasing Card transactions as compared to total expenditures for categories in which the Department predominantly used Purchasing Cards during the audit period:



Source: FLAIR records.

Finding No. 3: Purchasing Card Program

The Department's Purchasing Card Program is not operating as intended, resulting in limited assurance that Purchasing Card activity is appropriate, efficiently executed, and in compliance with established controls and governing laws, rules, and other guidelines. The nature of the deficiencies noted could allow inappropriate transactions to occur and not be timely detected. Specifically:

- Approval Process Department-established controls for the authorization and approval of Purchasing Card transactions were not sufficient to ensure

that the transactions were appropriate prior to payment. Although the Department has established the minimum of two levels of approval for each Purchasing Card transaction (in addition to the Payer), it is not clear how Department supervisors can monitor Purchasing Card activity in accordance with Department procedures as most of the approvers are not supervisors of the related purchasing activity, but are peers or subordinates of the Cardholders. In some instances, the approvers are not even at the same location as the Cardholder. The first-level review of transactions by an approver (other than the Cardholder) is the first line of defense against misuse; therefore, the first-level approver should be someone with first-hand knowledge of the types of products and services needed.

The Department has designated approximately 30 Level 7 Approvers (Purchasing Card Liaisons). The Level 7 Approvers' responsibilities include matching the receipt amounts to FLAIR; verifying accounting codes; reviewing referenced purchase or direct orders; approving the transaction in FLAIR within four calendar days; forwarding receipts to the Bureau of Finance and Accounting, Accounts Payable Section; and notifying the Purchasing Card Program Administrator (PCPA) of Cardholder position reassignments and terminations. Our review of a listing of Department Level 7 Approvers disclosed that some Level 7 Approvers are responsible for approving transactions for in excess of 200 Cardholders. The voluminous number of transactions that may be generated by such a large number of Cardholders may limit the effectiveness of the Level 7 Approver's review.

In response to audit inquiry, Department management indicated that the Purchasing Card is merely a payment method and that all procurement transactions (except travel, utilities, telephone, and certain unforeseen medical expenditures) are approved by supervisory personnel through the required use (effective May 2005) of the State's e-procurement system, MyFloridaMarketPlace (MFMP).³ During the audit period, the Department began encouraging Purchasing Cardholders to write the MFMP direct

³ According to the DMS Web site, MFMP is a Web-based procurement system designed to streamline interactions between vendors and State governmental entities that purchase goods and services and provides a user-friendly Internet portal where vendors can register, receive information on upcoming bids, post information on products and services, and receive direct orders (purchase orders) electronically.

order number on every applicable receipt so that the transactions could be referenced to an approved order. However, referencing an approved MFMP blanket direct order number on a Purchasing Card receipt does not sufficiently demonstrate the need for the goods at the time of the transaction or that the Purchasing Cardholder's supervisor was aware of the transaction. This is of particular concern as the Department extensively uses blanket direct orders and, due to the nature of the services provided by the Department, some of the orders list items that could be obtained for the personal use of the Cardholder.

- Cardholder Agreements The Department did not maintain signed Purchasing Cardholder Agreements for all Cardholders. Specifically, for 64 Cardholders, the Department was unable to provide the Agreements for 3 Cardholders. Absent signed Purchasing Cardholder Agreements, the Department cannot demonstrate that Cardholders were properly notified of their responsibilities or that the Cardholders accepted those responsibilities and acknowledged the ensuing consequences for Purchasing Card misuse.

- Spending Limits The Department did not always establish Purchasing Card spending limits commensurate with job responsibilities and needs. In addition, appropriate approval was not always retained for increased spending limits. We reviewed the spending limits listed in the Cardholder profiles for 31 Cardholders and noted that, during the audit period, 28 of the Cardholders had spending limits in excess of the \$1,000 per-transaction amount established in Department procedures and 17 of those 28 Cardholders had spending limits in excess of the \$25,000 established per-month amount. For these Cardholders, the single transaction limits ranged from \$4,500 to \$99,999 and the per-month spending limits ranged from \$30,000 to \$500,000. Our review of documentation provided in response to audit requests for evidence supporting the 28 Cardholders' increased spending limits disclosed that:

- For 2 Cardholders (with monthly spending limits of \$50,000 and \$500,000, respectively) the Department was unable to provide documentation requesting and justifying the increased spending limits.

- For 4 other Cardholders, the spending limits requested in the Department-provided documentation did not agree with the Cardholders' established spending limits and, for 3 of the 4 Cardholders, the spending limits exceeded the amounts requested by the Cardholders' supervisors.
- For 2 additional Cardholders, the documentation indicated that the increases requested were temporary; however, the spending limits were not decreased after the time period noted in the request elapsed.

We also noted that the Department lacks procedures to periodically evaluate the adequacy and appropriateness of Cardholder spending limits once established. To determine the adequacy and appropriateness of Cardholder spending limits, we reviewed the charges for each month of the audit period for each of the aforementioned 17 Cardholders with increased per-month spending limits and, as shown in the following table, noted that the established per-month spending limits appear to be in excess of the actual needs for 16 Cardholders:

| Cardholder | Per-Month Spending Limit | Average Monthly Spending Total | Highest Monthly Spending Total | Month With Highest Spending Total |
|------------|--------------------------|--------------------------------|--------------------------------|-----------------------------------|
| 1 | \$ 500,000 | \$ 25,683 | \$ 44,186 | February 2005 |
| 2 | 500,000 | 11,593 | 132,445 | June 2004 |
| 3 | 200,000 | 16,808 | 51,582 | September 2004 |
| 4 | 200,000 | 29,241 | 157,001 | June 2004 |
| 5 | 200,000 | 12,212 | 36,216 | December 2004 |
| 6 | 200,000 | 38,863 | 94,616 | June 2004 |
| 7 | 200,000 | 37,883 | 58,922 | January 2004 |
| 8 | 100,000 | 18,509 | 40,670 | June 2004 |
| 9 | 95,000 | 18,419 | 34,662 | September 2004 |
| 10 | 75,000 | 7,202 | 18,489 | October 2003 |
| 11 | 50,000 | 8,547 | 30,060 | August 2003 |
| 12 | 50,000 | 14,325 | 26,982 | May 2004 |
| 13 | 50,000 | 6,314 | 14,665 | August 2004 |
| 14 | 50,000 | 5,184 | 15,532 | June 2004 |
| 15 | 50,000 | 3,942 | 9,915 | May 2004 |
| 16 | 30,000 | 3,477 | 20,615 | November 2004 |

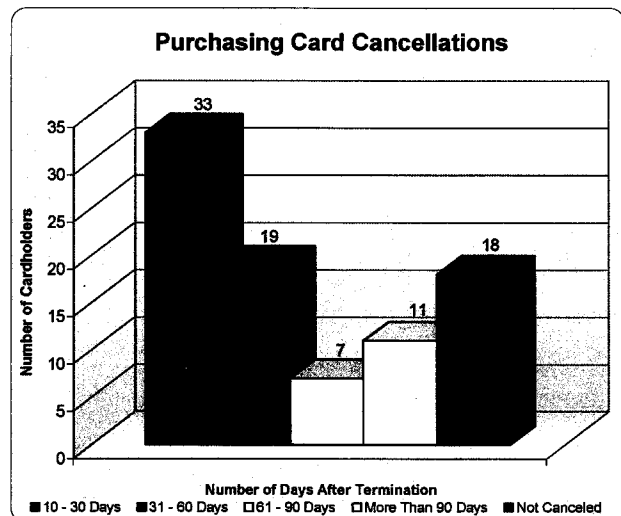
Source: FLAIR records and FLAIR Purchasing Card Module Cardholder Profiles.

- Reconciliation and Monitoring Activities During the audit period, Purchasing Card reconciliations were performed by the Accounts Payable Section and limited monitoring was performed by the Travel and Purchasing Sections. Our review of documentation related to the reconciliation and monitoring activities performed by these three Sections during the audit period and inquiries of Department personnel disclosed that:

- The Department did not always timely perform reconciliation and monitoring activities. At the time of our audit field work in May 2005, Accounts Payable staff were in the process of reconciling February 2005 Purchasing Card transactions; the Purchasing Section did not complete its monitoring of the July 2004 Purchasing Card transactions until January 10, 2005; and, as the Travel Section did not always document the date it completed its monitoring efforts, the timeliness of the monitoring could not be determined.
- The Department did not retain evidence of reconciliations performed for each month of the audit period. Absent any evidence of the performance of monthly reconciliations, the Department cannot demonstrate that the reconciliations were timely performed or that any discrepancies or violations noted during the reconciliation were communicated to the PCPA and timely resolved.
- Department reconciliations and monitoring efforts were not always comprehensive and complete. For at least one month during the audit period (July 2004), the Accounts Payable Section did not complete a reconciliation of all Cardholder transactions. Instead, for at least one group of Cardholders, the Accounts Payable Section appears to have relied on the Purchasing Card Liaison's (Level 7 Approver's) review of monthly transactions. In addition, according to Department management, the Travel Section only compared approximately 30 percent of the charges listed on submitted travel vouchers to monthly travel-related Purchasing Card transactions. Further, the Purchasing Section only reviewed the MFMP direct order on a "case-by-case basis" and audited an average of 3 to 5 percent of the monthly Purchasing Card transactions. In addition, as different reports are compiled at different times for Department reconciliation and monitoring activities, all applicable Purchasing Card transactions may not be subjected to monitoring by the Travel and Purchasing Sections.

➤ Cancellations The Department did not always timely cancel Purchasing Cards upon a Cardholder's separation from Department employment. As shown in the following graph, our review of Cardholder profiles and listings of

terminated employees disclosed a total of 88 former Department employees whose Purchasing Cards had not been timely canceled. The cards for 70 of the former employees were canceled from 10 to 257 days after the Cardholder's separation from Department employment. Although the remaining 18 Cardholders had terminated employment with the Department between August 31, 2003, and December 30, 2004, their cards had not been canceled at the time of our audit field work in May 2005. By not timely canceling Purchasing Cards at (or prior to) a Cardholder's separation from employment, the Department increases the risk that unauthorized purchases may occur and needlessly subjects the State to potential financial loss.



Source: Auditor analysis of employee termination dates from People First and Cooperative Personnel Employment Subsystem (COPES) records and Purchasing Card cancellation dates from FLAIR Purchasing Card Module Cardholder Profiles.

Department management establishes the integrity and ethical values of the Department and is responsible for establishing a control environment that ensures appropriate controls are in place. Strong support should be communicated from all levels of management as should the expectation that Cardholder and approver duties are not just cursory duties but financial responsibilities. The nature of the deficiencies noted above indicate that Department Purchasing Card Program controls, as designed and implemented, may not be sufficient to ensure the appropriateness of transactions or compliance with governing laws, rules, and other guidelines.

Recommendation: To provide adequate assurance that the Department's Purchasing Card Program is operating as intended and that Purchasing Card activity is appropriate, efficiently executed, and in compliance with established controls and governing laws, rules, and other guidelines, we recommend that Department management reevaluate and appropriately revise Department procedures to strengthen controls in each of the areas noted above.

Finding No. 4: Purchasing Card Travel Charges

Department procedures require that a *State of Florida Voucher for Reimbursement of Travel Expenses* (travel voucher) be prepared regardless of whether the traveler is due reimbursement or simply declaring travel-related Purchasing Card charges and that the traveler must submit the travel voucher within five days of the last day of travel.

Department procedures were not adequate to ensure the timely preparation of travel vouchers or to detect when travel vouchers were not prepared. Specifically, our review of documentation related to 38 trips that took place during the audit period for which Purchasing Card charges were incurred disclosed the following:

- Although requested, for one trip that took place in October 2004, the Department did not provide a travel voucher.
- For 9 of the 38 trips, the travel vouchers were filed from 12 to 130 days after the travel occurred.
- For 7 of the 38 trips, the travel vouchers were prepared subsequent to audit inquiry, 465 to 709 days after the travel occurred. Each of these 7 trips related to the same traveler and, subsequent to our audit inquiry, Department staff identified additional instances in which this traveler did not prepare travel vouchers.

Since travel-related transactions are not approved through MFMP (as discussed in Finding No. 3), should the traveler fail to prepare a travel voucher, a traveler's supervisor may never have the opportunity to authorize, or even be made aware of, travel expenses paid via a Purchasing Card.

Department *Purchasing Card Program Procedures* require the Travel Section within the Bureau of Finance and Accounting to compare each travel voucher with the Purchasing Cardholder's monthly transactions. However (as discussed in Finding No. 3), the Travel Section only performs this comparison on a sample basis and, as such, would not review any travel-related Purchasing Card charges that were not recorded on the travel vouchers selected for review. Further, the Travel Section's current review process would not detect unauthorized or unallowed travel-related Purchasing Card charges that were not reported on a travel voucher.

Recommendation: We recommend that Department management reinforce to all travelers the conditions for utilizing the Purchasing Card for travel and the five-day filing requirement for travel vouchers. In addition, we recommend that the Department's Travel Section strengthen controls related to the monitoring process and not only compare the submitted travel vouchers to the monthly Purchasing Card transactions, but also identify all travel-related Purchasing Card transactions for which a travel voucher has not been submitted.

Other Administrative Functions

Finding No. 5: Cost-of-Care Fees

Effective July 1, 2004, pursuant to State law,⁴ when a child is placed into home detention, probation, or other supervision status with the Department, the court shall order the parent of such child to pay the Department a \$1 per day fee for the cost of the supervision of such child for each day that the child is in supervision status. When any child is placed into secure detention or placed on committed status and the temporary legal custody of such child is placed with the Department, the court shall order the parent of such child to pay the Department a \$5 per day fee

⁴ Section 985.2311, Florida Statutes. Previously, similar provisions were in Section 985.231, Florida Statutes; however, effective July 1, 2004, Chapter 2004-241, Laws of Florida, clarified the court's authority to assess fees to parents and established additional requirements related to the assessment and collection of cost-of-care fees.

for the cost of the care of such child for each day that the child is in the temporary legal custody of the Department. The Department is responsible for billing, collecting, reporting, and managing the collection of fees.

Our audit inquiries and review of Department records and actions related to billing, collecting, reporting, and managing cost-of-care fees disclosed the following deficiencies:

- Although the Department had established *Recuperation of Cost of Care Fees* procedures effective June 2003, the procedures were not implemented or appropriately revised until February 2005.
- The Department's Accounts Receivable Management System (ARMS) was not adequate to provide timely and useful information for control and management decision-making purposes. For example, the February 2005 Aging Accounts Receivable Report showed a balance of \$35 million; however, the Department considered this balance to be inaccurate since some of the accounts may have been entered in ARMS more than one time.
- Delinquent accounts had not been submitted to a collection agency⁵ or to DFS for further collection efforts.
- Accounts that were known to be uncollectible had not been submitted to DFS for approval to be written off.

In correspondence dated May 17, 2005, Department personnel indicated that ARMS "is still under development and is far from complete." Department management also stated, "We have focused our attention on getting invoices distributed on a monthly basis in order to generate revenue to fund our \$2.8 million Cost of Care budget. Now that we are getting our invoices out monthly we have begun to focus our attention on other important issues such as write-offs, collections, and accurate reporting."

⁵ Pursuant to Section 985.2311(9), Florida Statutes, the Department may employ a collection agency for fees that have gone delinquent 90 days or more.

Recommendation: We recommend that Department management continue efforts to implement procedures for billing, collecting, and accurately recording cost-of-care fees. In addition, the Department should ensure that ARMS data is accurate and useful for control and management decision-making purposes.

Finding No. 6: Salary Overpayments

The Department experiences a high turnover of employees. As of February 28, 2005, there were approximately 4,600 Department employees and, during the 20 months of the audit period, there were approximately 2,000 employee separations from Department employment. According to Department staff, as a result of this high turnover and due, in part, to the failure by supervisors to timely notify the Personnel Office of employee separations, salary overpayments have occurred.

The Department attempts to collect salary overpayments by sending notices of the overpayment to the former employee, notifying the former employee's current State employer (for those employees that transfer to another State agency), and eventually turning the uncollected amounts over to DFS for collection.

To determine the extent of salary overpayments and the uncollected amounts outstanding, we requested a listing of salary overpayments. The list provided by the Department included 1,160 line items; however, a dollar amount was not listed for every line item nor was there any indication whether the overpayment had been collected. In response to audit inquiry, Department management indicated that the listing was not reliable as it did not accurately list the amounts or the status of collection attempts for salary overpayments.

Absent a reliable and comprehensive listing of the amounts of salary overpayments and status of collection attempts, Department management cannot be assured that all appropriate attempts to collect the overpayments have been made. In addition, Department management may not be able to readily

identify the areas of the Department where salary overpayments more frequently occur and, therefore, may not be able to provide appropriate instruction and training and adequately monitor staff responsible for overpayments that result from the lack of timely employee separation notifications.

Recommendation: To assist in the collection of salary overpayments and to aid Department management in their oversight role, we recommend that the Department develop a reliable and comprehensive listing of salary overpayments that includes the status of collection attempts.

Finding No. 7: Reconciliation of Surplus Motor Vehicle Proceeds

During the audit period, the Department was responsible for approximately 780 motor vehicles and, in accordance with State rules,⁶ the Department sought prior approval from DMS for the disposal of 75 surplus motor vehicles. According to Department records, 18 of the surplus vehicles were sold at auction and DMS forwarded proceeds to the Department; however, the Department did not reconcile the amounts reported by DMS as proceeds from the sales of motor vehicles to amounts subsequently received and recorded in FLAIR.

In response to audit inquiry, Department staff indicated that the Bureau of General Services receives motor vehicle sales reports from DMS and that the Bureau of Budget records amounts of funds transferred from DMS. However, Department staff within these two Bureaus did not share the information necessary to verify that appropriate amounts were received. Effective internal control procedures require that the Department prepare timely reconciliations of records of surplus motor vehicle sales proceeds with FLAIR. Such reconciliations would aid in the timely detection of any fraud or errors and would provide management with reasonable assurance that Department records are

accurate and complete and that the proper amounts of revenue are received.

Recommendation: To ensure that the proper amounts of surplus motor vehicle sales proceeds are received and appropriately recorded, we recommend that the Department timely perform reconciliations comparing the records of surplus motor vehicle sales proceeds to receipts and Department accounting records.

Finding No. 8: FLAIR Access Controls

The Department's Bureau of Finance and Accounting maintains the FLAIR Access Control File that enables applicable Department employees to utilize various FLAIR components. However, Bureau of Finance and Accounting staff do not periodically review employee FLAIR access for appropriateness.

We examined the FLAIR access records of employees who had terminated employment with the Department. We noted seven instances in which a terminated employee's FLAIR access was not timely removed. As of February 28, 2005, in these seven instances, the former employees' FLAIR access had remained active from 172 to 3,798 days after termination. (According to Department records, one of these employees separated from Department employment on October 6, 1994.) In response to audit inquiry, Department staff indicated that in the past FLAIR access was "not cancelled without a written request from the PCPA or the employee's supervisor. Procedures will be changed to include FLAIR access control personnel on the distribution list for terminated employees."

Recommendation: To provide additional assurances regarding the integrity and security of Department accounting records, we recommend that the Department immediately remove an employee's FLAIR access upon termination. In addition, Bureau of Finance and Accounting personnel should periodically obtain and review information related to Department employees' FLAIR access needs.

⁶ DMS Rules, Chapter 60B-3, Florida Administrative Code.

Finding No. 9: Settlement Agreements

Pursuant to State law,⁷ prior to the rendering of services for contractual services agreements costing in excess of Category Two (\$25,000), both parties shall sign a written agreement or contract (except in the case of a valid emergency as certified by the agency head). The certification of an emergency shall be prepared within 30 days after the contractor begins rendering the service. It must state the particular facts and circumstances that precluded the execution of the written agreement prior to the rendering of the service. If an emergency does not exist, the agency head shall certify the specific conditions and circumstances which caused the noncompliance and describe the corrective action taken to prevent a recurrence of the noncompliance. This certification must also be prepared within 30 days after the contractor begins rendering the service. If the agency head has not, within 30 days after the contractor began rendering the service, certified a valid emergency or, in the absence of a valid emergency, certified the conditions and circumstances which caused the noncompliance, the only legal basis for making payment is a settlement agreement.⁸

The Department utilized settlement agreements during the audit period. However, the Department did not have an assigned section or unit to manage or oversee settlement agreements and had not formalized any uniform procedures related to settlement agreements. In addition, the Department did not maintain a complete and accurate list of the settlement agreements.

In a May 12, 2005, response to audit inquiry, Department personnel indicated that the Bureau of Finance and Accounting will be responsible for tracking and reporting settlement agreements on a monthly basis and will establish a mechanism to ensure completeness and accuracy.

Recommendation: Department management should seek to minimize the use of settlement agreements through proper planning and the establishment of controls to ensure compliance with State purchasing law. However, for those instances in which settlement agreements are necessary, we recommend that Department management formalize and implement policies and procedures to ensure that settlement agreements are established in accordance with State law and are properly managed and controlled. In addition, any settlement agreement tracking system utilized by the Department should include, at a minimum, the agreement number, effective dates, and purpose; dates of approval by appropriate Department management; and the amount of payments made to date.

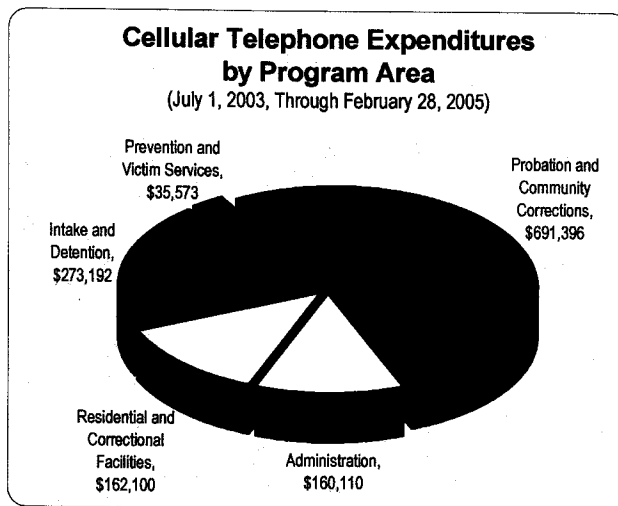
Finding No. 10: Cellular Telephones

To assist in the performance of their official duties, the Department provides cellular telephones and wireless handheld devices to many of the approximately 4,600 Department employees. As of February 25, 2005, Department records indicate that there were approximately 1,600 cellular telephones and wireless handheld devices assigned to employees. The Department has established a centralized Telecommunications Office within the Bureau of General Services to be responsive to the needs of Department program and facility staff. The Telecommunications Office provides technical assistance, a reference for centralized reporting, and coordination and advice on all communication matters.

During the audit period, the Department expended \$1.3 million for cellular telephone services and equipment. The amount of cellular telephone expenditures by Department program area is shown in the following graph:

⁷ Section 287.058(2), Florida Statutes.

⁸ Comptroller's Memorandum No. 07 (2002-03), *Contractual Services – Contracts Signed After Services are Rendered*.



Source: FLAIR records.

The decision to purchase a cellular telephone or handheld wireless device and to select the calling plan for a particular employee is made by supervisory staff in each bureau, region, or circuit. Department policies and procedures provide that cellular telephones are to be used only for Department business and that any personal calls are to be reimbursed by the employee to the Department.

Our review of cellular telephone and handheld wireless device use during the audit period, as well as our review of the implementation of Department-established policies and procedures, disclosed deficiencies that should be addressed to enhance cost effectiveness and ensure the safeguarding of assets. Specifically, we noted that:

- The Department does not maintain a comprehensive, up-to-date listing of all cellular telephones and wireless handheld devices that includes the name of the employee to whom the equipment is assigned.
- Department policies and procedures do not provide guidance regarding the determination of the need for a cellular telephone or handheld wireless device or the selection of a calling plan that is the most economical and best suited to the needs of the Department.
- Office of Telecommunications personnel do not review the selected calling plans to ensure that each plan is the most economical available to meet the needs of the Department. A review of the appropriateness of calling plans may identify the need for a plan with more shared minutes (or for

more accounts with fewer units) and additional charges may be avoided. For example, we noted that, on one cellular telephone invoice for an account with 27 units, shared plan minutes were exceeded by over 2,700 minutes resulting in additional charges totaling \$965. A more appropriate calling plan may have avoided the additional charges at the higher rates.

- Compliance with Department policies and procedures for reimbursement of personal cellular telephone use is not properly monitored. We noted 8 instances during our test of 10 personal-use reimbursements in which cellular telephone users reimbursed the Department at incorrect per minute rates. In each instance, the cellular telephone user reimbursed the Department for less than the rate required by Department policy.⁹

The lack of complete and accurate records relating to cellular telephones and wireless handheld devices, along with the absence of monitoring for the consistent application of procedures regarding reimbursement for the personal use of Department cellular telephones, limits Department management's assurances related to the safeguarding of Department assets. Cellular telephones and wireless handheld devices may be considered "attractive" or "sensitive" items that, although they generally cost less than \$1,000, may require an additional layer of property accountability.¹⁰ With regard to handheld wireless devices, there is also a concern regarding the security for and retention of data stored in and transmitted by the devices. In addition, absent guidance regarding the determination of the need for a cellular telephone or handheld wireless device and the selection of the most economical plan that is best suited to the needs of the Department, Department management cannot be assured that the related procurement decisions are the most economical and cost effective.

⁹ FDJJ-7.03, *Documentation of Financial Transactions*, requires that personal usage be reimbursed at the per-minute rate that would have been applied if free minutes were exceeded.

¹⁰ Attractive or sensitive property can be characterized as "walk away" items or items that are prone to theft because they are not secured and are easily portable, expensive new technology, or adaptable to personal use.

Recommendation: To effectively safeguard Department equipment, as well as the data stored in and transmitted by wireless handheld devices, we recommend that the Department maintain a listing of cellular telephones and wireless handheld devices that identifies the employee to whom the equipment is assigned. In addition, to enhance cost-effectiveness, we recommend that the Department establish guidelines for the assignment of cellular telephones and wireless handheld devices and the selection of calling plans. We also recommend that the Department ensure that cellular telephone billings are effectively reviewed for the appropriateness of the charges and that any personal calls are appropriately reimbursed.

OBJECTIVES, SCOPE, AND METHODOLOGY

This operational audit focused on internal controls over selected administrative functions of the Department including Purchasing Card, cellular telephone, travel, surplus motor vehicle disposition, revenues and cash receipts, accounts receivable, settlement agreements, and specific transactions related to capital assets. Our objectives were:

- To evaluate the effectiveness of established internal controls in achieving management's control objectives in the categories of compliance with controlling laws, administrative rules, and other guidelines; the economic, efficient, and effective operation of State government; the validity and reliability of records and reports; and the safeguarding of assets.
- To evaluate management's performance in achieving compliance with controlling laws, administrative rules, and other guidelines; the economic, efficient, and effective operation of State government; the validity and reliability of records and reports; and the safeguarding of assets.

In conducting our audit, we interviewed Department personnel, obtained an understanding of internal controls, observed and documented key processes and procedures, examined selected transactions, and performed various other auditing procedures as necessary to accomplish the objectives of the audit. Our audit included examinations of various transactions (as well as events and conditions) occurring during the period July 1, 2003, through February 28, 2005, and selected actions taken through May 25, 2005.

AUTHORITY

Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.

William O. Monroe

William O. Monroe, CPA
Auditor General

AUDITEE RESPONSE

In a response letter dated September 9, 2005, the Secretary of the Department generally concurred with our audit findings and recommendations. The Secretary's response is included in its entirety at the end of this report as Exhibit B.

To promote accountability in government and improvement in government operations, the Auditor General makes operational audits of selected programs, activities, and functions of State agencies. This operational audit was made in accordance with applicable **Government Auditing Standards** issued by the Comptroller General of the United States. This audit was conducted by Christi V. Alexander, CPA, and supervised by Sherrill F. Norman, CPA. Please address inquiries regarding this report to Dorothy R. Gilbert, CPA, Audit Manager, via e-mail (dorothygilbert@aud.state.fl.us) or by telephone (850) 488-5444.

This report and other audit reports prepared by the Auditor General can be obtained on our Web site (<http://www.state.fl.us/audgen>); by telephone (850) 487-9024; or by mail (G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450).

EXHIBIT A

STATE PURCHASING CARD GUIDELINES AND DEPARTMENT PURCHASING CARD PROGRAM PROCEDURES

| State Purchasing Card Guidelines | | Department Purchasing Card Program Procedures | |
|--|--|--|---|
| Section 2.3, Activity Monitoring and Transaction Approval | Purchasing Card transactions will be available daily for review and verification before payment is approved. In the FLAIR Purchasing Card Module, eight levels of approval are available. Two of the levels are required for review and approval of transactions - Supervisor/Approver and Payer. There are five optional levels for transaction approval at the Supervisor/Approver level. Cardholder's Supervisor or Approver - to monitor Cardholder activity for appropriateness, approve transactions, enter or review purchasing information, add or change accounting information, and ensure that the Cardholder is reviewing transactions timely. | Section 7.0, Supervisor, Approver, and Liaison Responsibilities | The Department has assigned Approver(s) to review and approve each Cardholder's Purchasing Card transactions. Although only one level of approval is required as a key control, the Department can assign up to five levels of approvers. Each region will develop its approval group assignments as needs dictate. The Supervisor is responsible for: ➤ Deterring the employee's need for a Purchasing Card and recommending limitations and restrictions. ➤ Developing position descriptions which require compliance with applicable statutes and policies. ➤ Ensuring that the Department Purchasing Card Program Administrator (PCPA) and the Purchasing Card Liaison are notified of employee transfer or termination from Department employment. ➤ Monitoring Cardholder activity for appropriateness and compliance. ➤ Taking any necessary disciplinary action. |
| Section 3.2, Cardholder Requirements | Before a Purchasing Card is issued to a Cardholder, they must attend and complete training on the Purchasing Card Program. Cardholders must also understand and sign a Cardholder Agreement. | Section 6.1, Cardholder Requirements | A Cardholder must be an employee of the Department in good standing, is or will be responsible for purchasing, must have attended and completed Cardholder training and passed an examination, and understood and signed the Cardholder Agreement. |
| Section 1.4, Limits and Restrictions | The primary advantages of the Purchasing Card Program are the various ways that limits and restrictions can be established - by agency and by Cardholder. The following limits can be uniquely established and are imposed at the point of sale: <u>Spending amount per day, billing cycle, and month.</u> The Cardholder can only incur transactions totaling a predetermined dollar amount within any defined period. <u>Single purchase amount.</u> A predetermined dollar amount for any single transaction, not to exceed \$1,000 per transaction. Cardholders should not split transactions to stay within their limits. (In Comptroller's Memorandum No. 04 [1998-99], <i>State Purchasing Card Program</i> , effective June 4, 1999, the Chief Financial Officer delegated the approval of single transaction limits to agencies.) <u>Merchant Category Codes (MCC).</u> The MCC are assigned by VISA to a merchant which identifies the primary type of goods or service they provide. The MCC are designed to offer every combination possible. | FDJJ-7.05, Section 6, Restrictions and Limits | Each Cardholder profile establishes the following spending limitations: 1. Initial spending limits shall be up to \$1,000 per transaction and \$25,000 per month. Based on written justification submitted by the manager or designee, the agency head or designee may subsequently approve greater amounts up to \$25,000 per transaction and \$50,000 per month. (Note: The per-transaction spending limit had been increased in the Department's <i>Purchasing Card Program Agency Plan</i> to up to \$15,000 per transaction unless pre-approved for a greater amount justified in writing by the manager or designee.) 2. The restrictions on number of transactions may be requested by the supervisor and approved by the manager or designee in periods designated as per day, month, or cycle depending on the job requirements of each Cardholder. 3. The Department PCPA maintains a list of the Department's included/excluded merchants. The Department PCPA will modify this list as needed based on repeated rejections of MCC which are deemed necessary to fulfill the mission of the Department. |
| Section 1.11, Reconciliation of Charge Receipts | Each agency will reconcile FLAIR Purchasing Card Module reports against merchant receipts no less than monthly. Any suspicious or abnormal card usage found during the reconciliation process should be reported to the Agency PCPA. | Section 3.8, Reconciliation of Charge Receipts | On a daily basis, the Approver(s) will review the FLAIR Purchasing Card Module, Cardholder's receipts, and the accompanying purchasing document to ensure compliance with purchasing or travel regulations and Purchasing Card Program Procedures. The Accounts Payable Section will conduct a monthly post-audit of Purchasing Card Module reports against Cardholder receipts. Any suspicious or abnormal card usage found during the reconciliation process will be reported to the Department PCPA. |
| Section 4.2, Reconciler | The Reconciler is an individual responsible for the reconciliation of Cardholder receipts and/or log to the FLAIR Purchasing Card Module activity reports. The agency reconciliation process is recommended weekly but no less than monthly and must be done within 10 days after the close of the business week or month. | Section 9.0, Reconciler Responsibilities | Reconciliation of transactions to information in the FLAIR Purchasing Card Module is the responsibility of the Bureau of Finance and Accounting, Accounts Payable Section. This reconciliation consists of a post-audit review of Cardholders' receipts and supporting documentation to Purchasing Card reports. The reconciliation/post-audit review process will be done monthly and is conducted on all transactions with a charge date in the month. |
| Section 1.13, Reports | Reports will be generated by FLAIR and a detailed transaction listing will be available daily from the FLAIR Purchasing Card Module. Each business day, the FLAIR Purchasing Card Module will distribute information on Purchasing Card transactions. This information can be used by: ➤ Cardholder to validate transactions for charges or credits. ➤ Supervisor or Approver to monitor and/or approve purchases being made. ➤ Agency PCPA to track daily activity. | Section 10.1 and Section 10.2, Monitoring for Compliance with Purchasing and Travel Regulations | The Purchasing Section shall audit randomly selected transactions. In addition to the routine review of travel reimbursements for compliance with travel regulations, the Travel Section of the Bureau of Finance and Accounting shall compare each Request for Reimbursement of Travel Expenses with the Cardholder's transactions in the Monthly Purchasing Card Travel Report to ensure that the employee is not reimbursed for expenses already paid by the Purchasing Card. |
| Section 1.7, Misuse | The Purchasing Card is for official business use only and the purchase of personal or disallowable goods or services is prohibited. Misuse of the Purchasing Card may result in disciplinary action up to and including termination of employment. Cardholders may be required to reimburse the State, including sales tax, for any purchases that are found improper or not for official business use. | Section 6.2, Cardholder Misuse | Cardholders are to follow applicable State purchasing and travel laws and regulations and State Purchasing Card Guidelines, as well as use good and reasonable judgment when using the Purchasing Card. Employees who misuse or abuse this privilege are subject to disciplinary action up to and including dismissal from employment. |
| Section 1.2, Card Issuance and Cancellation | Cardholders in each agency will be determined by the management team of that agency. The agency's PCPA is responsible for the issuance and cancellation of all cards. Purchasing Cards are canceled for the following reasons: ➤ A change in the Cardholder's job status such that they no longer require a Purchasing Card. ➤ Separation from the agency for any reason. ➤ Cardholder misuse or untimely approval of transactions. | FDJJ-7.05, Section 12, Purchasing Card Cancellations | Separation from employment or transfer - Prior to an employee's separation from employment, the supervisor shall notify the Purchasing Card liaison and the Department PCPA in writing, advising them of the effective date of the action. Upon such separation, the Cardholder shall return the card to their supervisor who will immediately cut the card in half and forward it to the Department PCPA. ➤ If the Cardholder is being transferred to another program/budget entity and is to be a Cardholder in that area, the Cardholder's new supervisor shall notify the Purchasing Card Liaison to update the Cardholder's profile with the new accounting codes and applicable limitations. The Purchasing Card Liaisons will track and distribute transactions to the appropriate organizational units until all transactions from the previous unit have been processed. ➤ Bi-weekly, the Department PCPA shall review personnel actions and compare employee separations and transfers against the Cardholder profiles to verify that Cardholder accounts have been appropriately canceled. |

EXHIBIT B

AUDITEE RESPONSE



FLORIDA DEPARTMENT OF JUVENILE JUSTICE
Jeb Bush, Governor
Anthony J. Schembri, Secretary

September 9, 2005

William O. Monroe, Auditor General
G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450

Dear Mr. Monroe:

We have provided our response and proposed corrective actions for Department of Juvenile Justice Selected Administrative Functions for the period July 1, 2003, through February 28, 2005, and Selected Department actions taken through May 25, 2005 Pursuant to Section 11.45(4)(d), Florida Statutes.

Finding 1: Building Valuation

Recommendation: We recommend that Department staff thoroughly review each factor used in the historical cost estimate for each building and, if discrepancies are noted, ensure that the appropriate amounts are recorded in the FLAIR Property Subsystem.

Response:

We concur. The Bureau of General Services will review over the next twelve months all building records to ensure that all cost factors are correct and that all entries are recorded properly in the FLAIR Property Subsystem.

Recommendation: We further recommend that the Department ensure that the documentation used in the historical cost estimate for each building is appropriately retained.

Response:

We concur. The Bureau of General Services constructed folders organized by county then facility to appropriately document all building valuations and to retain this information on file as supporting documentation. The Bureau dedicated a file cabinet for the sole purpose of maintaining these records and has completed the task based on this recommendation.

Recommendation: For all future building acquisitions, we recommend that the Department ensure that sufficient documentation evidencing the actual historical cost of the building is retained and that the cost is accurately and timely recorded in Department accounting records.

Response:

We concur. The Bureau of General Services will ensure that sufficient documentation is retained on all future building acquisitions and that the cost is timely reported in Department accounting

2737 Centerview Drive • Tallahassee, Florida 32399-3100 • (850) 488-1850

The mission of the Department of Juvenile Justice is to protect the public by reducing juvenile crime and delinquency in Florida.

EXHIBIT B
AUDITEE RESPONSE

William O. Monroe
September 9, 2005
Page 2

records. A file will be constructed for all new programs within the Department or if a building is added to a program all associated documentation will be added to the current file.

Finding 2: Accumulated Depreciation

Recommendation: To ensure that Department capital assets are properly reported, Department accounting staff should ensure that accumulated depreciation is appropriately adjusted for financial reporting purposes.

Response:

We concur. The Bureau of General Services will review each property record for our buildings and make the appropriate adjustments to correct the accumulated depreciation amounts. We plan to have this item corrected in the next 90 days.

Finding 3: Purchasing Card Program

Recommendation: To provide adequate assurance that the Department's Purchasing Card Program is operating as intended and that Purchasing Card Activity is appropriate, efficiently executed, and in compliance with established controls and governing laws, rules, and other guidelines, we recommend that Department management reevaluate and appropriately revise Department procedures to strengthen controls in each of the areas noted: Approval Process; Cardholder Agreements; Spending Limits; Reconciliation and Monitoring Activities; and Cancellations.

Response:

We concur. The Department has already begun to reevaluate its procedures. Also, with the implementation of ASPIRE on July 1, 2006, major changes in policies and procedures will be mandated.

Finding 4: Purchasing Card Travel Charges

Recommendation: We recommend that Department management reinforce to all travelers the conditions for utilizing the Purchasing Card for travel and the five-day filing requirement for travel vouchers.

Response:

We concur. Bureau of Finance and Accounting staff conducts supervisory travel training quarterly. Additional emphasis will be placed on the conditions in which the Purchasing Card may be used for travel expenses and the required timeframes for submitting requests for travel reimbursements. Additionally, purchasing card applicants are required to attend travel training and pass a test before they are issued a card. The training and the test cover both the conditions and the requirements, which will receive additional emphasis.

Recommendation: We recommend that the Department's Travel Section strengthen controls related to the monitoring process and not only compare the submitted travel vouchers to the monthly Purchasing Card transactions, but also identify all travel-related Purchasing Card transactions for which a travel voucher has not been submitted.

EXHIBIT B
AUDITEE RESPONSE

William O. Monroe
September 9, 2005
Page 3

Response:

We concur. The Travel Section has been instructed to identify all travel-related Purchasing Card transactions for which a travel voucher has not been submitted. This will become a permanent part of the responsibilities of the Travel Section and reports will be maintained to ensure compliance.

Finding 5: Cost-of-Care Fees

Recommendation: We recommend that Department Management continue efforts to implement procedures for billing, collecting, and accurately recording cost-of-care fees.

Response:

We concur. Department Management has had a committee in place for several years to ensure that the Cost of Care (COC) accounts are properly established, billed, collected and accurately recorded. Much progress has been made. The COC Committee continues to meet on a monthly basis to address issues as they arise, to implement changes as necessary, and to improve the system. The committee will continue its efforts to ensure the completion of a successful system.

Recommendation: The Department should ensure that ARMS data is accurate and useful for control and management decision-making purposes.

Response:

We concur. Department management has created a Project Status Tracking Report, which contains all of the items that are deemed necessary to complete the COC system. The project is monitored and updated as items are completed. Once all items are completed, ARMS data will be accurate and can be relied upon for decision-making purposes. MIS is restructuring the database to ensure that reporting and tracking mechanisms are in place.

Finding 6: Salary Overpayments

Recommendation: To assist in the collection of salary overpayments and to aid Department management in their oversight role, we recommend that the Department develop a reliable and comprehensive listing of salary overpayments that includes the status of collection attempts.

Response:

We do have a spreadsheet that tracks all overpayments and collection efforts according to Department of Financial Services procedures. In the past year, since the HR outsourcing, the lack of staff has not allowed us to monitor and update it as needed however, within the last month we hired an OPS employee whose primary duty is addressing the overpayment situation and updating the logs as necessary.

EXHIBIT B
AUDITEE RESPONSE

William O. Monroe
September 9, 2005
Page 4

Ongoing training is being conducted with all supervisors to ensure Personnel Action Requests for employee separations are submitted timely to avoid overpayments.

Finding 7: Reconciliation of Surplus Motor Vehicle Proceeds

Recommendation: To ensure that the proper amounts of surplus motor vehicle sales proceeds are received and appropriately recorded, we recommend that the Department timely perform reconciliations comparing the records of surplus motor vehicle sales proceeds to receipts and Department accounting records.

Response:

We concur. The Bureau of General Services will revise policy FDJJ – 1306, Vehicle Operations, to properly outline the reconciliation process for the sale of the Department's surplus motor vehicles. We plan to have this policy updated in the next twelve months.

Finding 8: FLAIR Access Controls

Recommendation: To provide additional assurances regarding integrity and security of Department accounting records, we recommend that the Department immediately remove an employee's FLAIR access upon termination. In addition, Bureau of Finance and Accounting personnel should periodically obtain and review information related to Department employees' FLAIR access needs.

Response:

We concur. With the transaction from COPES to People First, the Department was unable to obtain reports from the system that were necessary to identify terminations. The reporting problem has been corrected and we can now receive the reports we need. The Bureau of Finance will periodically review information to determine employees' FLAIR access needs.

Finding 9: Settlement Agreements

Recommendation: Department management should seek to minimize the use of settlement agreements through proper planning and the establishment of controls to ensure compliance with State purchasing law. However, for those instances in which settlement agreements are necessary, we recommend that Department management formalize and implement policies and procedures to ensure that settlement agreements are established in accordance with State law and are properly managed and controlled. In addition any settlement agreement tracking system utilized by the Department should include, at a minimum, the agreement number, effective dates, and purpose; dates of approval by appropriate Department management; and the amount of payments made to date.

Response:

We concur. The Bureau of Finance and Accounting has been designated as the unit responsible for tracking all settlement agreements. The Bureau has developed a mechanism to track and ensure that settlement agreements are established in accordance with State law.

EXHIBIT B

AUDITEE RESPONSE

William O. Monroe
September 9, 2005
Page 5

Finding 10: Cellular Telephones

Recommendation: To effectively safeguard Department equipment, as well as the data stored in and transmitted by wireless handheld devices, we recommend that the Department maintain a listing of cellular telephones and wireless handheld devices that identify the employee to whom the equipment is assigned.

Response:

We concur. The Department will develop and maintain a listing of cellular telephones and wireless handheld devices. This listing will be developed and maintained by the Support Services Section, Bureau of General Services. We plan to have this list completed within the next three months.

Recommendation: To enhance cost-effectiveness, we recommend that the Department establish guidelines for the assignment of cellular telephones and wireless handheld devices and the selection of calling plans.

Response:

We concur. The Bureau of General Services will revise policy FDJJ – 1309, Telecommunications, to include guidelines for the assignment of cellular telephones and wireless handheld devices and the selection of calling plans. We plan to have this policy updated in the next twelve months.

Recommendation: We also recommend that the Department ensure that cellular telephone billings are effectively reviewed for appropriateness of the charges and that any personal calls are appropriately reimbursed.

Response:

We concur. The procedure for ensuring that cellular telephone bills are properly reviewed and that personal call are reimbursed will be addressed in the updated Telecommunications policy. We plan to have this policy updated in the next twelve months.

If additional information is needed, please contact Jane McElroy, Director of Administration at 921-3048.

Respectfully,



Anthony J. Schembri
Secretary

cc: Deputy Secretary Steve Casey
Director Jane McElroy, Office of Administration
Chief Bill Smith, Finance and Accounting
Chief Jeff Nichols, General Services
Acting Inspector General Steve Meredith